



Cheesman Dam
A century of service - 1905 - 2005

Comprehensive Annual Financial Report

For the year ended December 31, 2005
Denver, Colorado



DENVER WATER

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

In Memoriam



January 29, 1936 - December 10, 2005

Commissioner Bill Roberts: The People's Advocate Denver Board of Water Commissioners

Among the many places where Bill Roberts' absence will be deeply felt is Denver Water, where he served the city for eight years. He was President of the Water Board before his resignation in October 2005 for health reasons.

During those years, Commissioner Roberts was the pragmatic advocate of what he came to call "the common customer" – those citizens, and customers, for whom the Denver Water's service area is a workplace, a home, and a legacy for children. Commissioner Roberts never lost sight of water's place in assuring and maintaining the beauty of the Denver area.

As a principal of a construction company, he was acutely aware of Denver Water's impact on the community it served. When he joined the Water Board, his influence was both immediate and long lasting. It was Commissioner Roberts who urged the planners of the recycling plant to adopt the "design-build" strategy which has served Denver Water effectively on large projects since.

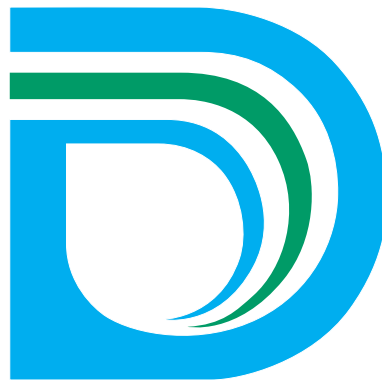
He was the friend and spokesman of working people as well as the customer, and a strong advocate for Denver Water's Small & Disadvantaged Business program.

"When Bill devoted his energy to something," Denver Water Manager Chips Barry reflected, "he was passionate about it, and he was passionate about representing the people of Denver's water interests."

Denver Water is grateful for the leadership and service provided by commissioner William R. Roberts.

DENVER WATER

Comprehensive Annual Financial Report



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For the year ended December 31, 2005
Denver, Colorado

Prepared by the Accounting Section
of the Finance Division

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III - STATISTICAL SECTION

See Statistical Section contents (page III-1).

INTRODUCTORY SECTION



May 1, 2006

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report (“CAFR”) of Denver Water for the year ended December 31, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Grant Thornton LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on Denver Water’s financial statements for the years ended December 31, 2005 and 2004. The independent auditor’s report is located at the front of the Financial Section of this report.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Denver Water

The privately owned Denver City Water Company was organized in November 1870. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies serving various parts of a growing Denver. In November 1918, the five-member governing board of the Denver Water Department purchased the company for the citizens of the City and County of Denver (“City”). The Denver Water Department was set up as an independent City water agency, with the philosophy that it would be operated as a business and remain separate from political influences.

Denver Water is governed by a five-member Board of Water Commissioners (the “Board”) appointed by the Mayor of the City for overlapping six-year terms. Denver Water has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. Also, as a byproduct of water operations, Denver Water operates six hydropower plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Association, for internal consumption and for repayment to the Department of Energy for power interference.

In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Denver Water would be classified as 1) an "other stand-alone government" since Denver Water is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for Denver Water, and 2) a "related organization" since the Mayor of the City appoints Denver Water's governing body, but is not financially accountable. However, the City has elected to include Denver Water's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of Denver Water's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Mission of Denver Water is as follows:

Denver Water will provide our customers with high quality water and excellent service through responsible and creative stewardship of the assets we manage. We will do this with a productive and diverse work force. We will actively participate in and be a responsible member of the water community.

Although Denver Water is not legally required to adopt budgetary accounting and reporting, the annual budget serves as the foundation for Denver Water's financial planning and control. The budget process involves:

- Long Range Planning

Denver Water maintains long-range (10 years) capital, operation and maintenance, and financial plans that are updated annually.

The Ten-Year Capital Plan projects additions, improvements, and replacements to water system facilities, based on projected demands for water, Federal and State regulations, and ongoing system requirements. It is used as the basis for projecting the annual Capital Work Plan.

The Ten-Year Operation and Maintenance Plan includes the ongoing costs of operating and maintaining the water system and the impact of the Ten-Year Capital Plan on operations.

The Ten-Year Financial Plan projects compliance with debt covenants and the year-end targeted investment balance. Alternative financial plans that address estimated revenue shortfalls are also projected as a part of the long-range planning effort.

- Annual Work Plan Budgets

The detailed annual work plan budgets for operation and maintenance activities, debt, and capital projects are developed during the budget process each year. These budgets are substantially based on the budget year projections provided by the long-range plans. These work plans itemize the cost of activities and projects within each program.

- Annual Budget Preparation

The annual budget is prepared on a program budget basis that follows the flow of water from the sources of raw water to customers' taps and cuts across organizational

boundaries. The focus is first on what Denver Water as a whole is doing (what our resources are used for), then on organizational structure (the divisions and sections expending the resources), and then by type of expenditures (what types of resources – payroll, services, etc., are being used). The intent of this particular format is to facilitate the reader's understanding of how we are accomplishing our mission to serve our customers needs in the past, present and future.

Factors Affecting Economic Condition

The information presented in the financial statements presents Denver Water's current *financial position*, i.e., its *existing* resources and claims on those resources. The following information is provided to help assess Denver Water's *economic condition*, i.e., both existing and *future* resources and claims on those resources. Stated differently, economic condition reflects not only today's financial position, but also the prospects that today's financial position will improve or deteriorate.

Local Economy

The City is the center of economic activity in the region, serving as a business, recreational, higher educational and cultural hub. Major features of the economy include the central business district, state capital, Denver International Airport, extensive library facilities, several professional sports teams, institutions of higher learning, and numerous museums and other cultural facilities. The economy of the metropolitan area generally mirrors that of the state. An overview of the general demographic and economic conditions in the Denver metropolitan area can be found in Section D, "Demographic and Economic Information", in the Statistical Section.

Long-Term Financial Planning

Total projected expenditures for the Ten-Year Capital Program over the 2006-2015 period are \$672 million, net of anticipated financial participation and other reimbursement funds. Major projects include:

- \$179 million for the Moffat Collection System Project to continue the permitting process, and to either begin construction of a new reservoir, expand an existing reservoir, or a combination of both to augment our supply to the northern service area. This amount excludes a possible reimbursement from other entities who may elect to participate in the project.
- \$60 million for computer systems hardware and capitalized software for the new Customer Information System (CIS), Geographic Information System, and other requirements.
- \$53 million for the Water Recycling Project to complete the final 15 million gallons per day (MGD) treatment plant expansion, making the full plant expansion 45 MGD. Planned expenditures include much of the remaining distribution system components for the Recycled Water Plant.

- \$6 million for the Gross Dam Hydropower/Federal Energy Regulatory Commission (FERC) Relicensing Project to maintain our right-of-way and permit required to operate this important water storage facility. The FERC license for the Gross Dam was issued in March of 2001 and includes the construction of a hydropower facility scheduled for completion by 2007.

The objective of the 10-Year Financial Plan was to meet these capital needs through smooth, predictable rate increases, the use of existing reserves, and new debt. Cash reserves may be used during the first, second, and third years of the plan. This approach allows Denver Water some financing flexibility by using a mix of cash and debt.

Relevant Financial Policies – Investment Balance

Denver Water established a comprehensive set of financial policies as a basic framework for the financial management of Denver Water and its planning and budgeting process. These policies are listed in the Budget Book, one of which is the following:

Balanced Budget

Denver Water balances its budget by the planned use of, or contribution to, investment balances. The investment balance is maintained to help protect against negative financial impacts to operation and maintenance, capital replacement, debt service and self insurance. To the extent that the investment balance exceeds these needs, the remainder is for future capital projects. This approach is in accordance with the City Charter, which allows the accumulation of funds for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

Denver Water began 2006 with an actual investment balance of \$159 million, at cost. The 2006 budget projects this balance to increase by receipts of \$253 million and decrease by expenditures of \$262 million, resulting in a total 2006 ending balance of \$150 million.

Note 2, “Investments,” in the Financial Section provides more information on Denver Water’s investments. Investment balances in published financial statements are not directly comparable to the budgeted investment balance because different valuation methods are used.

Major Initiatives

- **Advance Technology Solutions that Promote Communication, Accountability, and Flexibility**

In 2006 we will continue our multi-year effort to implement new technologies to help achieve our customer service, financial, and operating objectives. We will continue to implement the new CIS. Once completed, this system will make it easier for us to track the history of our customer’s accounts and provide the flexibility to alter rate structures to achieve our demand-management and revenue objectives.

In addition to the CIS, we are involved in a number of other technology initiatives that

will help reduce costs, improve efficiencies, and promote accountability. Our mobile workforce automation project, for example, will provide the tools for us to dispatch, route and track our field personnel. This capability will improve response times and our ability to handle work more efficiently as our customer base continues to grow.

- Continue a Capital Program that Provides a Reliable Water System at the Lowest Possible Cost

In 2006, Denver Water will direct our capital-planning efforts toward completing projects delayed during the drought. Specifically, we plan to continue to extend recycled water service as appropriate to promote the right use for the right water. In the coming year, we plan to begin work on recycled water storage and pumping facilities at our Capitol Hill and Montclair locations to enable recycled water service extensions.

We will also work to complete the Gross Dam Hydropower Unit as required to maintain our FERC license. During 2006, we will intensify our review of financing options, which may reduce costs to ratepayers for this and other projects.

SEC Periodic Disclosure Requirements

Rule 15c2-12(b)(5) requires Participating Underwriters to determine that the issuer of municipal securities has undertaken in a written agreement for the benefit of holders of such securities to provide annual financial information in a timely manner to each nationally recognized municipal securities information repository and to the appropriate state information depository, if any. The Government Finance Officers' Association of the United States and Canada ("GFOA") recommends that the disclosure be contained in the CAFR. The disclosure that Denver Water has undertaken to provide in order that participating underwriters may comply with this rule can be found on the following pages:

Budgetary Controls	Page I-2
Audited Financial Statements	Section II - Financial Section
Total Outstanding Indebtedness	Section II - Notes 6, 7, 8, 11, Exhibits II-A through II-G
Number of Customer Accounts	Page III-20
System Development Charges and Participation Fees	Page III-30
Receipts and Expenditures	Page III-53
The Service Area	Pages III-65 and III-85
Total Treated Water Delivered/Consumption	Page III-75

Information for prior years and information related to the City and County of Denver is available at <http://www.dacbond.com>.

Awards and Acknowledgements

Awards

Comprehensive Annual Financial Report. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the fiscal year ended December 31, 2004. This was the seventeenth consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

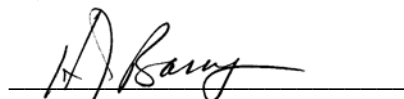
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

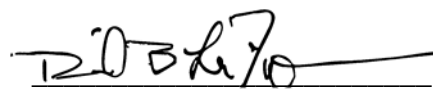
Annual Budget. In addition, Denver Water also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2005. This is the thirteenth consecutive year Denver Water has received this award. In order to qualify for this award, Denver Water's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

We wish to express our appreciation to all members of Denver Water who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Water Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Denver Water's finances.

Sincerely,


Hamlet J. Barry, III
Manager, Denver Water


David B. LaFrance
Director of Finance

The Year 2005 in Review

After a multi-year drought and a series of watershed-damaging forest fires, 2005 was a year in which Denver Water saw marked improvements in its reservoir levels.

The diligent efforts of our customers to reduce their water consumption, together with a combination of cool and wet weather, good soil moisture content, healthy stream flows, and reduced customer demand, resulted in a total reservoir capacity of 97 percent, slightly more than the historical average peak of 94 percent.

On the demand side, water sales were lower than expected in 2005 at approximately 20 percent below historical norms. These reduced sales, coming during a period without drought restrictions or surcharges, raise the very real possibility that Denver Water's customers are reducing their long-term demand patterns and that the utility must be prepared to meet the challenges such changes could bring.

What remained unchanged in 2005 were the utility's operational realities: fixed costs, a substantial set of maintenance tasks, and a customer base that has grown at an annual rate of 1.45 percent and is expected to increase by approximately 3,000 customers in 2006.

Recognizing the impact of reduced water sales, Denver Water trimmed costs in 2005 by streamlining operations, deferring maintenance when possible, limiting hiring, and carrying out other measures to reduce spending as much as possible.

Yet the utility also kept a series of significant capital projects on schedule last year, including the completion of the first phase of the Recycled Water distribution system, the start of construction of the Gross Reservoir hydroelectric project, the design of several key water-distribution system additions, the rollout of improvements to its water-treatment capabilities, and the continuance of work related to the Moffat Collection System Project. It also implemented a number of capacity-planning, conservation, and efficiency efforts that will ultimately improve its ability to serve an increasing customer base more reliably and efficiently.

Looking forward, Denver Water's future will likely be characterized by more climate-based volatility, reduced consumption, and gradual growth in the customer base. If anything, continuing to promote the water-conservation ethic established by customers during the drought will help the utility meet the demands of a growing customer base.

Considering these realities, the utility is making numerous changes of all kinds, for the short and long term. From a financial perspective, it is adjusting the 2006 budget and continuing to analyze costs, add spending controls and improve efficiencies across the organization. For the longer term, it has recalibrated its 10-year water-sales forecasts and the cost-planning models on which they are based to lower water-sales projections in anticipation that customers will consume less and conserve more.

YEAR IN REVIEW – 2005 (Continued)

Denver Water is also making some other important changes to broaden and deepen its long-term fiscal health. Key to those efforts is the restructuring of the utility's water rates, the reevaluation of financial and operational planning models, and the strengthening of its cost controls and accountability mechanisms so that it can continue to manage and maintain an adequate and reliable water supply for its customers, carry out its most critical capital and operational projects, and maintain the flexibility to contain costs in the event of another drought or an unforeseen circumstance.

In other arenas, the utility is strengthening ties with its customers and those communities in which its watershed are located. It is also developing methods for communicating and engaging with customers quickly, easily, and effectively in the event of unforeseen circumstances. And it is continuing a dialogue with West Slope communities to solidify its ability to meet its supply-related needs, support reasonable socio-economic objectives of West Slope communities, and provide long-term protection to watersheds in which it operates.

Employment and Customer Statistics

Over the past 10 years, the number of Denver Water employees increased from 992 in 1995 to 1,013 at the end of 2005, an increase of 2.1 percent. Many vacant positions were not filled in 2005 due to the drought, creating a vacancy rate of approximately six percent for the year or double the normal amount. If staffing levels had been kept at normal levels, the utility would have had approximately 1,051 employees at the end of 2005.

Meanwhile, the average number of treated-water customers for Denver Water has risen from 268,097 in 1995 to 299,320 at the end of 2005, an 11.6 percent increase.

Consumption of Treated Water

The fact that Denver Water did not declare a drought emergency or impose severe watering restrictions allowed customer consumption in 2005 to increase from its level in 2004 and 2003. Customer consumption, however, remained below its pre-drought level because of the impact of three years of drought and drought-related restrictions. The lingering impact of the drought on customer demand is referred to as a drought shadow. Consumption of treated water for the year totaled 68.5 billion gallons compared to 60.6 billion gallons in 2004, 65.4 billion gallons in 2003, and 75.2 billion gallons in 2002. The peak day usage for 2005 was 424.8 million gallons compared with 340.9 million gallons in 2004. By comparison, the all-time peak day usage was 553.3 million gallons in 1989.

The average temperature in the Denver area last year was 51.2 degrees, which is 0.5 degrees above normal. The total precipitation for the Denver metro area—measured at three separate weather stations—was 16.3 inches, which was 0.3 inches below normal but 3.9 inches lower than the 20.0 inches of precipitation the area received in 2004. During 2005, Denver recorded 55 days where temperatures reached or exceeded 90 degrees; the record for the number of days where temperatures reached or exceeded 90 degrees is 61, which was set in 2000.

Water Resource Management

Despite a below-normal snow pack, Denver Water's reservoirs were 97 percent full by July. Yet mindful of the multi-year impact of the drought, the utility took several steps to continue its message to manage their water use conservatively. Those efforts included:

- Summer Water Use Program. In 2005, the Board made permanent the rule of no watering between 10:00 am and 6:00 pm. It also encouraged voluntary compliance with a three-day per week watering schedule throughout the summer.
- Car Wash Certification Program. In cooperation with industry representatives, Denver Water continued its Car Wash Certification Program to promote efficiency guidelines for car washes and to achieve additional water savings. In 2005, the 240 commercial car wash operations certified under this program generated 312 acre-feet of annual water savings.
- Mass Market Advertising. In print, over the air, and online, Denver Water continued to educate customers about water availability, wise water use, and the need to conserve water on an on-going basis. It also continued its efforts to educate customers about water rates and how their design helps recover the cost of its services. And the utility conducted important research—including a customer survey, focus groups, and advertising-campaign message testing—to help shape its future advertising and education campaigns.
- Youth Water Conservation Project. In April, Denver Water joined with the City and County of Denver, the Denver City Office of Sustainability, the Denver Botanic Gardens, and the Gates Foundation to launch a youth water conservation pilot project. Overseen by the Denver Department of Parks and Recreation, the project promotes water-conservation education through the creation of beautiful, drought-resistant gardens that reflect the native Colorado landscapes. The project focused on four sites in Denver: the Civic Center Park/City & County Building, the Highland Senior Center, the Park/Harvey Recreation Center, and the Parkfield Park/Montbello Recreation Center. Denver Water's share of the program's cost is \$80,000.
- Water Wise Program. For six years, Denver Water has sponsored the WaterWise™ Resource Action Program in the Denver Public School system and suburban school systems in the Denver Water service area. Using a curriculum designed for fifth-grade students, the program encourages water conservation in the home and includes kits with water saving devices such as shower heads and kitchen and bathroom aerators. The students install the devices with the help of their parents in their own homes. They then measure water savings.
- Other Water-Saving Incentive Programs. Denver Water's commercial/industrial incentive program rewards companies and organizations for reducing water use. Not only does this approach provide an incentive for customers to use water more efficiently and lower their bills, it helps free up relatively low-cost water that can be used to supply water to future customers and postpone the construction of new water-supply projects.

Denver Water negotiates efficiency contracts with commercial and industrial customers—in essence buying back their saved water. The current price paid for water savings is \$4,500 per acre-foot—about 326,000 gallons—with a total payment not to exceed \$40,000 for a given project. To date, 68 participants in these programs have saved 607 acre feet, or 198 million gallons of water per year.

Denver Water currently has seven active irrigation efficiency contracts, which saved approximately 89 acre-feet—29 million gallons—of water during the 2005 irrigation season. The utility also has an online program to track cooling-tower efficiency.

Capital Construction

Despite the financial challenges caused by the drought, Denver Water kept a number of significant capital projects on track in 2005 and worked to accelerate others to satisfy the projected long-term demand of its customers. These projects will improve the utility's ability to serve more customers more efficiently.

- Recycled Water Distribution System Expansion. In 2005, Denver Water began designing several key additions to expand its distribution system for recycled water. When complete, these additions will include a new 6 million gallon basin at Capitol Hill in central Denver and a new pump station at 11th & Quebec in East Denver. The basin and pump station will feed new conduits serving the redeveloped areas around the former Stapleton Airport and Lowry Air Force Base. Construction of these additions is scheduled to take place in 2006 with a completion target of 2007 at an estimated direct cost of \$14.6 million.
- Recycled Water Plant - Solids Drying Bed. In August, the Board authorized the construction of a solids drying bed for the Recycled Water Plant. The project's cost is significantly less than the cost of the current method of having Metro Wastewater Reclamation District dispose of the solids. The project is under construction and is scheduled to be completed in early 2006 at a direct cost of just over \$2.7 million.
- Foothills Treatment Plant - Flocculation Improvements. *Flocculation* is the process of slowly mixing coagulated water to create particles that are large enough to settle out or be trapped by filters. To meet regulatory standards, the Denver Water Foothills Treatment Plant uses chlorine to pre-treat potable water in its eight flocculation basins. Since that chlorine use began in 1990, the equipment in the basins—including paddle wheels, drive shafts, sprockets, ladders, landings, and handrails—has experienced significant amounts of corrosion. In September, the construction to replace them using materials more resistant to corrosion began. The project is scheduled to be completed in early 2006 at a direct cost of just over \$2.3 million.
- Gross Reservoir Hydroelectric Dam. In 1950, the Federal Power Commission licensed the development of the Gross Reservoir by Denver Water as a municipal water source and a hydroelectric power project. Though the reservoir was completed in 1955, a hydroelectric facility was not installed.

YEAR IN REVIEW – 2005 (Continued)

In 2001, the Federal Energy Regulatory Commission issued a new 40-year license to Denver Water that required the construction of a power plant at Gross Reservoir. The hydroelectric project got underway in August. When complete, the plant will be a source of clean, renewable energy, with two 3.8 megawatt turbine generators capable of generating more than 25 million kilowatt hours per year. The power plant is scheduled to come online in 2007, with a direct cost \$14.1 million.

- Eleven Mile Canyon Reservoir Outlet Works. The Eleven-Mile Canyon Reservoir was constructed in 1932. Its outlet works consisted of three valves that supported a minimum outflow capacity of approximately 40 cfs and a maximum outflow capacity of approximately 1,360 cfs. Today, Denver Water needs a wider range of flows to support its customers as efficiently as possible. In May, the Board approved the construction of a new outlet works of four valves that can support a minimum outflow capacity of approximately 3 cfs and a maximum outflow of approximately 1,870 cfs. The new outlet works is scheduled to be completed in May 2006 at a direct cost of \$2.5 million.
- Conduit 153. In July, the Board authorized the construction of Conduit 153, a pipeline more than 2,000 feet long that runs from Happy Canyon Road to the Hillcrest Pump Station. The significance of the project is that it completes the partial replacement of Conduit 55, a pre-stressed concrete pipe identified as having a high probability for catastrophic failure. Denver Water has replaced approximately 13,000 feet of Conduit 55 since a failure of the pipe in the late 1990s. Conduit 153 is scheduled to be completed in January 2006 at a preliminary total cost of \$2.3 million.
- Pipe Rehabilitation Program. Denver Water routinely rehabilitates older cast iron water mains and conduits in its distribution system. This rehabilitation process—which consists of cleaning the conduits and lining them with cement mortar or epoxy—ensures a consistent and uninterrupted supply of water to the utility’s customers.

Because of the financial impact of the drought, the utility suspended its pipe-rehabilitation program in 2003 and 2004. Due to the importance of the program to its facilities, the utility resumed rehabilitating the most critical conduits in 2005. These conduits included those that were installed between 1890 and 1940.

The utility rehabilitated approximately 27,000 feet of distribution mains and conduits in 2005 at a total cost of \$2.3 million.

- Vault Construction & Rehabilitation. Water utility vaults are underground rooms, often found below surface streets, which house valves and other sensitive water-control instruments. Over time, below-ground moisture can corrode a vault’s metal walls, making it a safety hazard.

During the past eight years, Denver Water has focused on construction of new projects, mostly related to water treatment or recycled water. With many of those projects complete, the utility is now focused on maintaining and performing minor upgrades to other components of its water-distribution infrastructure, including vaults. It spent

approximately \$1.7 million on vault construction and rehabilitation in 2005 and much of its engineering effort over the next several years will concentrate on these types of projects.

System Capacity Expansion

Denver Water is always looking to meet the needs of its customers as efficiently as possible. To that end, it engaged in a number of efforts in 2005.

- Moffat Collection System Project. Denver Water continued work on an environmental impact statement (EIS) for the Moffat Collection System Project. The EIS is the first step in a process to seek authorization from the U.S. Corps of Engineers for the construction of the project. The project would provide 18,000 acre-feet of new water, before any possible participation, and would help meet projected near-term demand for treated water. It would also reduce vulnerability, reliability, and flexibility problems related to the utility's water delivery which can, in part, be attributed to insufficient water supplies available to the Moffat plant. A draft EIS is expected to be published in early 2007.
- Antero Reservoir Expansion. Denver Water plans to work with the City of Aurora and Park County Commissioners to initiate a study on the possible expansion of Denver's Antero Reservoir in Park County.
- YMCA Building Purchase. In July, Denver purchased the YMCA property across from its Moffat Treatment Plant. With the new property, the utility can construct a reservoir to store as many as 15 million extra gallons of clear water.

As a general rule, clear-water storage is sized to serve 15-30% of a treatment plant's capacity. Clear water storage at the Moffat Treatment Plant is currently at approximately 10% of the plant capacity, but with the purchase of the new property there is the potential to bring that figure to 18% and allow a more flexible plant operation. With economies of scale, the cost-per-gallon to construct the additional storage at the YMCA facility is half that of constructing a smaller clear-water reservoir on the Moffat site. The purchase price of the new site was \$2.8 million. The new storage infrastructure is planned to come online in 2009.

Continuing Conservation, Property Management, & Outreach

Conservation is key to Denver Water's ability to provide water to its customers and the utility makes substantial efforts in that regard. In 2005, these efforts included:

- Xeriscape Program. A significant part of Denver Water's conservation effort involves encouraging customers to Xeriscape, a method of landscaping that reduces the need to irrigate. The savings can be significant: a recently completed study entitled "Yield and Reliability Demonstrated in Xeriscape (YARDX)" by the U.S. Bureau of Reclamation and several Colorado Front Range water providers showed that Xeriscape efforts reduce

outdoor water use by three to 63 percent—and that Denver participants in the study showed water savings of 28 percent.

In 2005, Denver Water continued to encourage customers to Xeriscape. More than 1,165 people attended free Xeriscape seminars and more than 29,635 people visited Xeriscape exhibits at the Denver Garden and Home Show, ProGreen Expo, and other expositions. And Denver Water arranged for more than 190 people to have a private session with a landscape architect to design or redesign their existing landscapes into Xeriscapes.

Additionally, the conservation section of Denver Water produced a brochure entitled “Xeriscape Beautiful by Design: Three Plans for a Plant Select® Garden.” Plant Select is a joint program of the Denver Botanic Gardens and the Colorado State University Horticulture program, emphasizing plants that are hardy for this region and are widely available for purchase.

- Habitat Restoration. In 2002, multiple wildfires struck Colorado. The worst was the Hayman fire, which burned for 40 days and consumed 137,760 acres, including 7,043 acres at Denver Water’s Cheesman Reservoir.

Because the fire stripped vegetation from such a large area, there is an increased risk for sediment washing into the Cheesman and Strontia Springs Reservoirs. To help mitigate that risk, Denver Water is engaged in a long-term habitat restoration program on its lands at the reservoir and in the South Platte corridor. In 2005, those efforts included tree planting in conjunction with the Colorado State Forester's Office at a cost of \$40,000. It also included the removal of more than 40,000 cubic yards of material from two sediment traps on feeder creeks into Cheesman Reservoir; \$200,000 was budgeted for this work.

Denver Water estimates that it will take several decades or longer for the lands burned around the Cheesman reservoir to fully recover from the effects of the Hayman fire.

- South Platte Protection Plan. In 2004, the U.S. Forest Service approved a proposal by Denver metro-area water utilities, local governments, state agencies, environmental interests, and basin residents for a South Platte Protection Plan (SPPP).

The SPPP is a local alternative to a federal Wild and Scenic designation of the South Platte River. Its purpose is to protect the environmental and recreational values identified by the U.S. Forest Service along portions of the South and North Forks of the South Platte River corridor. It provides a flow-management plan and potential alternatives to the development of water rights within this reach, something that the federal alternative did not include.

A principal feature of the plan is an agreement establishing the South Platte Enhancement Fund, a donor-advised fund of the Denver Foundation. The earnings from the \$1 million endowment will be used to protect and enhance the important resource values.

In May, the Board authorized Denver Water’s initial contribution to the enhancement

YEAR IN REVIEW – 2005 (Continued)

fund of \$200,000 for the year 2005. The utility has committed to contributing \$500,000 over a three-year period to the fund; the local governments and other water providers on the Front Range will be providing the other \$500,000. The amount of money that is contributed to the endowment fund is based on the number of water taps in each entity's service area.

- Four Mile Ranch Source Water Protection Project. Working in conjunction with members of the South Park Wetlands Focus Area Committee—including the U. S. Fish and Wildlife's Partners for Wildlife program, Colorado Open Lands, the U.S. Bureau of Land Management, and the Colorado Division of Wildlife—Denver Water has finished a source water protection project at its Four Mile Ranch in South Park. The project restored five miles of stream habitat along Four Mile Creek.

Prior to Denver Water purchasing Four Mile Ranch in 1976, the affected section of Four Mile Creek was made into a channel, probably for agricultural reasons. Over time, this channelization led to erosion and incision of the creek bed. This project, completed in the spring of 2005, has restored the natural hydrology of the stream system.

- Four Mile Ranch Fen Project. Denver Water is working to acquire wetland mitigation credits through its Four Mile Ranch Fen (wetlands) Project. These credits, if granted, can be used to offset impacts from construction of water projects within Park County.

The utility has completed three field seasons of data collection and will continue to monitor the project area for the foreseeable future. A prospectus and a mitigation banking agreement has been drafted and will be submitted to the U.S. Environmental Protection Agency, U.S. Fish and Wildlife Service, and the U.S. Army Corps of Engineers for approval. The approval process is expected to take at least a year.

- Chatfield Wetlands Project. Denver Water is currently coordinating with Colorado State Parks, Lockheed Martin, and the U.S. Army Corps of Engineers to ensure that, per an existing agreement, the utility will receive 12 acres of wetland credits that can be used to offset impacts from construction of water projects within the Wetland Credit Service Area of the Front Range.
- Outdoor Education Programs. Working with a variety of local, state, and federal agencies as well as interested businesses, Denver Water is supporting responsible stewardship of the environment. A foundational element of this effort is the utility's Bob Taylor Ecological Complex in Kassler.

Kassler is at the crossroads of recreational, educational, environmental, and historical abundance. Denver Water makes its facilities and property available to organizations that provide conservation- and environment-related education. In 2005, the complex hosted outdoor-education classes for children, bird banding and bird-counting programs, angler education classes for inner-city children, recreation programs for troubled youth, and the utility's *Take a Family Fishing* event.

YEAR IN REVIEW – 2005 (Continued)

- State Forest Service Contract. Denver Water contracts annually with the Colorado State Forest Service for forest management of its mountain properties. In addition to emergency fire suppression, the Forest Service manages a program to thin forest areas, creating small meadows and open areas to replicate natural growth patterns. This thinning helps reduce the potential of catastrophic fires and to create better habitat. In a study published in 2004, the effectiveness of this program was highlighted by the 14-fold increase in the numbers of the Pawnee Montane Skipper, a federally listed threatened butterfly, over the five-year period since the program was instituted in the Trumbull area near the South Platte River. The cost of the Forest Service contract is \$100,000.
- Lawn Return Flow Adjudication. In 2005, Denver Water completed a five-year engineering analysis of the timing, location, and amount of return flows of water from outdoor uses in its service area into the South Platte River. A final engineering report was produced in mid-2005.

The importance of these return flows is significant. Outdoor uses of reusable water are expected to generate more than 10,000 acre-feet of return flows—more than 3.2 billion gallons of water. This water would be available for use throughout the system and could support or supplement non-potable uses for which raw water deliveries are not available or preferred.

Information Technology Revitalization

Working in consultation and cooperation with other divisions of Denver Water, the Information Technology division delivers hardware, software, and technical support services across the organization to improve operating efficiencies and enhance decision-making capabilities.

In 2005, Denver Water continued the revitalization of its information-technology infrastructure, a multi-year effort that will enable the utility to develop new information-sharing tools, increase operational efficiencies and reduce costs, and deliver entirely new kinds of in-person and online customer services.

Driving this revitalization is the reality that sharing information widely can drive down costs, reduce response times, and make Denver Water more nimble in its ability to respond to changing weather, water-consumption habits, and revenue projections. But the age of the utility's information infrastructure makes it increasingly difficult and costly to maintain, let alone to create new and innovative ways of sharing and delivering information.

Several projects were critical to the utility's revitalization effort in 2005, including:

- Customer Information System Project. To enhance its customer service capabilities and create greater operational efficiencies, Denver Water is in the midst of a process that will lead to rolling out a new customer information and billing system (CIS).

By consolidating customer-related information, the new CIS will make it easier to track the history of a customer's account, from the sale of the original tap to the most recent

bill. This capability will serve as the backbone for a number of important information-driven initiatives, including monthly billing; expanded online, in-person, and voice-activated customer services; and personalized Web pages that let customers interact with Denver Water online (see below).

The CIS will also support new and emerging rate designs, drastically reducing the programming necessary to implement them. What's more, it will support a variety of mobile workforce-automation projects (see below).

The total direct cost to deploy the CIS system is estimated to be approximately \$14 million.

- Monthly Billing. One of the most significant benefits of the CIS system is that it will enable the utility to move from a bi-monthly to a monthly billing cycle.

For customers, monthly billing will let them monitor water-consumption habits more closely, spot leaks or over-utilization more quickly, and see and respond to the effects of consumption-based surcharges more immediately than they would with a two-month billing cycle.

For Denver Water, monthly billing will help the utility to proactively spot unusual water-utilization patterns and deploy the necessary resources to address them. Monthly bills can also carry custom messages, letting the utility communicate important information to customer segments easily and routinely.

In addition to the CIS system project, a number of initiatives are underway to create the technical underpinnings for monthly billing.

- Mobile Workforce Automation. As part of a multi-year project, Denver Water is implementing systems to automatically schedule, dispatch, and track the location of field employees. The first phase of these systems will come online in 2006 at an approximate cost of \$1.25 million.
- New Telephone System. In 2005, the utility installed a new phone system that gave it the features and expandability it needs. This customer contact center supports e-mail and Web-based chat sessions as easily as it does traditional telephone-based services; enables customers to retrieve account-related information and take account-related actions using a touchtone telephone; can route a call to a live representative with the right level of experience—and ensure that all calls are distributed efficiently to minimize hold times; and consolidates several screens worth of information into one, helping representatives answer questions accurately and promptly.

The new phone system came online in March of 2005 at a cost of \$1.4 million.

- Customer Self-Service Using the Web. Today, many people use the Web to get personalized and secure services from a variety of businesses. Consider the book seller

that let buyers track orders online, or the brokerage house that lets account holders buy and sell stocks electronically. These *Web portal technologies* let customers view information that is unique and germane to them—all over a secure Internet connection.

In 2005, Denver Water began laying the technical groundwork to enable customers to use the Web to manage a variety of account-related tasks. One of the first of the Web-based services implemented in 2005 was a program that lets engineering firms and other groups review the status of and checklists needed to complete their proposed projects.

Other key activities necessary to support Web services in 2005 included improving the utility's communications network to handle increased demand, and deploying a new data backup and recovery system to streamline data archiving and retrieval.

- Leveraging Upgraded GIS Database. From water mains and valves to hydrants and treatment plants, Denver Water has tens of thousands of *fixed-position* assets which make up its water supply and distribution infrastructure. In 2002, the utility began a massive upgrade of its geographic information system (GIS) database to make the utility's operations more efficient.

Denver Water continued to expand the breadth and depth of its GIS-based information in 2005. Key projects in this area included acquiring and refining parcel-related data throughout the utility's service area; capturing the geographic locations of customer taps, stop boxes, newly constructed distribution system facilities, and newly installed meters to streamline emergency-response and project-planning processes; and creating a tool to import standard-format engineering drawings directly into the GIS database.

Increasing Operational Efficiencies

From water meters that can report usage automatically to key information-system projects, technology is playing a pivotal role in boosting operational efficiencies at Denver Water. In 2005, these efforts included:

- Automated Leak-Detection Program. Denver Water has had a leak-detection program since 1980. As part of this program, technicians actively search for water leaks within the utility's distribution system using amplified listening devices. Finding a water leak before it becomes a main break conserves water, reduces repair costs, and eliminates unscheduled outages.

In 2005, Denver Water continued its deployment of new technology to make the leak-detection process even more efficient. Currently, 415 logging devices are deployed and Denver Water has seen significant results. The devices, together with traditional leak-survey techniques, are enabling the utility to maintain leak losses around two percent, already among the lowest in the utility industry.

- Automated Meter Reading Project. In 2005, Denver Water completed a five-year effort to install automated water meters that can report usage via radio signals. All residential

meters have been equipped with radio-read AMR equipment. Conversion of large meters is more than 75 percent done, and will be completed in the third quarter of 2006.

Because of the prolonged drought, the utility accelerated its automated meter-reading program in 2004, and completed the 210,000 small-meter conversions nearly a year ahead of schedule. The project will eliminate approximately 30 meter-reading related staff and track water usage more precisely; it has already reduced the number of meter readers from 33 when the program began to 12 at the end of 2005.

- Large Meter Replacement Program. As part of its automated meter reading project, Denver Water launched a three-year, \$9 million program in 2004 to replace approximately 3,800 large water meters. The meters, which range in size from one and a half to sixteen inches, cannot be retrofitted with a transmitter like newer residential meters. Yet over time, these meters tend to under-register the amount of water that passes through. By replacing them, Denver Water will have better information about the actual amount of water used by large-meter customers for consumption, conservation, and billing purposes.

By the end of 2005, the utility had replaced 2,403 large meters.

Legal Issues

Some of the key legal issues addressed by Denver Water included:

- Lawsuit Regarding Denver Water Surcharges. On October 20, 2004, a group of Denver Water customers who reside in Denver sued the utility over the imposition of drought-related surcharges in 2004. In the litigation, the plaintiffs contended that Denver residents should be treated differently than suburban customers in a drought. On March 13, 2005, the court granted Denver Water's motion to dismiss the lawsuit. The court ruled that Denver Water's Board exercises discretion in deciding what limitations should be imposed and what surcharges should be established to ensure an adequate supply of water, and that judicial review of those decisions was not appropriate.
- Miccosukee Litigation. Water utilities nationwide often move water from one river or stream to another, usually as a means of conveying water to a treatment plant. Such activity mixes water from two sources that may have slightly different chemical composition. For more than 30 years, this activity has occurred without a National Pollutant Discharge Elimination System (NPDES) permit under the federal Clean Water Act (CWA).

Recently, however, litigation in federal court has questioned whether mere conveyance of natural water from one source to another requires an NPDES permit. Several plaintiffs claim that such intermixing is a discharge under the CWA, and that if the incoming and receiving waters are different, it is discharge of a pollutant, even though the utility has added nothing to the water. As a practical matter, water conveyances in the West could not comply with NPDES permit requirements.

The law on this point is unclear, and a recent U.S. Supreme Court decision (South Florida Water Management District v. Miccosukee Tribe of Indians et al.) did not clarify the matter. Denver Water, other water utilities, and various national water organizations have organized a coalition to pursue whatever legislative, judicial, or administrative remedies might be required. The Solicitor's Office for the Environmental Protection Agency, which oversees NPDES permitting, has issued a formal opinion that such permitting does not apply to water conveyances. EPA now intends to undertake formal rulemaking to incorporate this legal conclusion into rules that would receive deference from the courts. The water user coalition will be actively involved in the rulemaking process over the next year.

Financial Diligence

Denver Water customers have some of the lowest water bills in the Front Range region. Through the use of long-range financial planning, water-rate adjustments can be phased in over time to alleviate the need for significant one-year water rate increases. In addition to forward-looking capital construction and capacity planning—as well as conservation efforts—wise financial stewardship plays an important role in keeping customer rates low. Several events highlighted the importance of that role in 2005:

- Annual Rate Adjustments. Consistent with its long-term financial plan, Denver Water raised rates for bills by an average of eight percent for all customer classes.
- New Usage Classification. To encourage conservation among high-usage customers, Denver Water created a new residential usage classification, or *block*. Under this classification, residential customers will pay a higher rate for any water above a threshold of 80,000 gallons in a two-month period, starting in 2006.
- Water Revenue Bond Sales. In May, Denver Water issued \$30 million in water-revenue bonds to reimburse the utility for funds expended for capital projects.
- 10-Year Financial Plan. Denver Water remains financially strong despite the financial challenges brought on by the drought and fires. Part of that strength is the result of an annual evaluation of the utility's fiscal condition and the creation of a forward-looking 10-year financial plan. This plan carefully considers two kinds of risk: the need to complete current and future capital projects which will strengthen the utility's water supplies and the impact of continued reduced water sales.

In the past, the 10-year financial plan was predicated on normal weather conditions: an assumption that, over a given decade, weather and water sales would be normal, though any given year could bring a variety of climatic conditions. As a result, Denver Water maintained financial reserves for low-revenue periods similar to those that may occur during drought or rainy years.

YEAR IN REVIEW – 2005 (Continued)

In 2004 and again in 2005, the utility applied the lessons learned and best practices developed from five years of drought to create a new kind of 10-year plan, one that recognizes that, even after a drought, water sales tend to remain at lower-than-normal levels, a phenomenon referred to as a *drought shadow*; and that it is in the utility's best interests to anticipate that customers will continue to adopt water-wise practices *even when no drought exists*.

Because the drought shadow and sustained conservation measures will keep water sales lower than normal, it is critical that Denver Water annually evaluate its 10-year financial plan in order to anticipate needed adjustments in rate levels, debt loads, and investment reserves to ensure that it is recovering the full cost of delivering water to customers. This approach will also enable the utility to complete various water-supply related construction projects without interruption, increase the maintenance-related tasks necessary to ensure the integrity of the utility's water-distribution system, and maintain a strong fiscal position.

- Rate-Design Group. In September, Denver Water formed a rate-design workgroup that will evaluate alternative rate structures for the utility and reach consensus on the best rate structure for the future. The charter of the group is to craft a rate schedule that can be implemented in early 2008 to coincide with the implementation of the new customer information system.
- Budget Adoption. In December, the Board adopted the 2006 budget. This budget anticipates water sales to be 19 percent below historical norms. By anticipating the reduced water sales, the utility has cautiously forecasted its annual revenue. As a result, expenditures have been examined and projected on a reduced basis. Consistent with the 10-year planning projections, \$9 million in investment reserves will be used to help meet budgeted expenditures in 2006.

CHARTER

ARTICLE X of the CHARTER OF THE CITY AND COUNTY OF DENVER

Amended November 5, 2002

§10.1.1 Board of Water Commissioners created. There shall be and hereby is continued and created a non-political Board of Water Commissioners of five members, to have complete charge and control of a water works system and plant for supplying the City and County of Denver and its inhabitants with water for all uses and purposes.

§10.1.2 Appointments to Board. On the second Monday in July of odd-numbered years, the Mayor shall appoint one or two Commissioners, as the case may be, for terms of six years each to succeed those whose terms are expiring. The members of the Board of Water Commissioners shall each continue in office until their successors are appointed and qualified. Any vacancy on the Board shall be filled promptly by appointment by the Mayor. Each appointee shall be a citizen of the United States, a resident of the City and County of Denver, and at least 25 years of age. If a member of the Board shall cease to be a resident of Denver, the individual shall thereupon cease to be a member of the Board.

§10.1.3 Compensation and bonds. The commissioners shall each receive compensation of \$600.00 per annum. Each Commissioner shall give an oath or affirmation and give an official bond in an amount and conditioned and approved as provided by the Board by resolution. The Board may require the Treasurer of the City and County of Denver to give bond conditioned in such manner as shall be determined by the Board. The premiums on all such bonds shall be paid out of the Water Works Fund.

§10.1.4 Board meetings. The Board shall hold two regular meetings each month on such days as it may by resolution determine, and special meetings at such other times as it may deem necessary. All meetings shall be open and public. If any member of the Board shall be absent for three successive regular meetings, unless excused by vote of the Board, he or she shall cease to be a member and the office shall be deemed vacant.

§10.1.5 General powers. The Board shall have and exercise all the powers of the City and County of Denver including those granted by the Constitution and by the law of the State of Colorado and by the Charter in regard to purchasing, condemning and purchasing, acquiring, constructing, leasing, extending and adding to, maintaining, conducting and operating a water works system and plant for all uses and purposes, and everything necessary, pertaining or incidental thereto, including authority to dispose of real or personal property not useful for or required in the water works operation. The Board shall have authority to generate and dispose of electric energy for water works purposes or any other purpose of the City and County of Denver. The Board may lease water facilities or the flow of water for generation of electric energy and may sell surplus energy, provided that nothing herein shall be construed as permitting the Board to distribute electric energy to the general public. The Board shall have power in the name of the City and County of Denver to make and execute contracts, take and give instruments of conveyance, and do all other things necessary or incidental to the powers herein granted, and in so doing may make such special designation in such instruments as will indicate the capacity in which the City and County of Denver is acting when such actions are taken by or on behalf of the Board of Water Commissioners. The customary practice of dealing in the name of "City and County of Denver, acting by and through its Board of Water Commissioners" is hereby confirmed and approved. The Board shall institute and defend all litigation affecting its powers and duties, the water works system and plant, and any of the Board's property and rights. In any matter affecting the powers, duties, properties, or trusts of the Board, process shall be served on the Board. The Manager of Denver Water is hereby designated as the officer upon whom process may be served in any matter in which the Board of Water Commissioners has the sole authority for the municipal corporation.

§10.1.6 Manager and personnel. The property and personnel under control of the Board shall be referred to generally as Denver Water. The Board shall designate a Manager, who shall cause the Board's policies and orders to be executed and shall bring to the Board's attention matters appropriate for its action. The Board shall have power to employ such personnel, including legal staff, and fix the classifications thereof as it may deem necessary. All such personnel shall be hired and dismissed on the basis of merit. The Board shall define the duties of each of its employees and fix the amount of their compensation. It shall be the duty of the Board to carry out the intent and

CHARTER (Continued)

requirements of Article XX of the Constitution of the State of Colorado with respect to civil service for public utilities and works and to perform the customary functions of a civil service commission with respect to its employees. In performing the functions of a civil service commission, the Board or its designee shall have the power to conduct hearings, administer oaths and issue subpoenas enforceable in the County Court of the City and County of Denver. The Board may establish classifications of employment for persons outside the civil service system who serve solely at the pleasure of the Board. Such employees shall include the number of temporary employees the Board deems necessary and not more than 2% of all regular employees of the Board.

§10.1.7 Water works fund. There is hereby created a Water Works Fund into which shall be placed all revenues received from the operation of the water works system and plant together with all monies received by the Board from other sources. The Board shall maintain records in compliance with generally accepted accounting principles sufficient for reliance by the Treasurer and the Auditor in faithfully accounting for the Water Works Fund. The Board shall promptly deposit all receipts into a bank account in the name of the City and County of Denver acting by and through its Board of Water Commissioners. The Board may invest such funds until they are required for operations of the Board. Monies shall be paid out of the account only upon the authority of the Board and evidenced by warrants drawn upon the Treasurer by the Auditor of the City and County of Denver, except as to general obligation bonds and the interest thereon, which the Treasurer shall pay using procedures approved by the Manager of Revenue.

§10.1.8 City Auditor. The Auditor of the City and County of Denver shall audit the accounts of the Board at least annually and make a report of his or her findings to the Council of the City and County of Denver. The Board shall make all of its accounts and records fully available to the Auditor to enable him to carry forward these duties that shall be performed without interference with the water works function. The Auditor, or some person designated by him or her, shall sign all warrants, countersign and register all bonds and written contracts (with the privilege but without the necessity for keeping copies thereof). The Auditor may authorize the affixing of his or her signature by mechanical means.

§10.1.9 Water rates. The Board shall fix rates for which water shall be furnished for all purposes within the City and County of Denver, and rates shall be as low as good service will permit. Rates may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare. The rates may also be sufficient to provide for the accumulation of reserves for improvements of such magnitude that they cannot be acquired from the surplus revenues of a single year.

§10.1.10 Uniformity of rates. Except as specifically provided, rates charged for water furnished for use inside the city limits of the City and County of Denver shall be uniform as far as practicable and so related to the service furnished or the volume of water used as to bring about a fair and equitable distribution among all water users of the total amount to be realized from revenues derived from the sale of water used within the City and County of Denver. No special rate or discount shall be allowed to any property, entity, person or class of persons except as in this charter specifically provided.

§10.1.11 Enforcement of charges. The Board may enforce the payment of any charge by discontinuing service to the premises at which the charge arose without regard to the ownership or occupancy of such premises.

§ 10.1.12 City rates. Commencing January 1, 1960, the Board shall furnish water to the municipal government of the City and County of Denver at rates which shall approximately equal but not exceed the cost of the water furnished, not including items in such rate for debt service, additions, extensions or betterments. Such rate shall not be applicable to agencies or authorities sponsored by or supported by the City and County. The Board shall own, control and operate all water, water rights, structures and facilities of the City and County of Denver pertaining to the Farmers and Gardeners Ditch and the City Ditch. The Board shall furnish water out of the City Ditch or some equivalent source for the use of Denver in City Park and Washington Park, without any charge whatsoever.

§10.1.13 Water leases. The Board shall have power to lease water and water rights for use outside the territorial limits of the City and County of Denver, but such leases shall provide for limitations of delivery of water to

CHARTER (Continued)

whatever extent may be necessary to enable the Board to provide an adequate supply of water to the people of Denver. Every such lease shall contain terms to secure payment of sufficient money to fully reimburse the people of Denver for the cost of furnishing the water together with an additional amount to be determined by the Board. Sales at amounts less than the above minimum may be made if warranted by economic conditions, but a contract providing for such lesser charge shall not extend for more than one year.

§10.1.14 Expenses. The entire cost of the operation and maintenance of the water works system and plant under the control of the Board shall be paid from monies of the Water Works Fund. The monies and other assets of the Water Works Fund shall not be used for any purpose except for the management, operation and maintenance of the water works system and plant, including additions, extensions and betterments, for recreational opportunities incidental thereto, and for the payment of interest and principal on bonds and other obligations, the proceeds of which were or shall be used for water works purposes.

§10.1.15 Bonded indebtedness. The Board of Water Commissioners in its sole discretion may issue revenue bonds, the proceeds of which shall be placed in the Water Works Fund and expended for water works purposes, for establishing reserves in connection with such bonds or for refunding the principal of and interest on bonds previously issued by the Board. Revenue bonds shall be payable as to interest and principal solely from the net revenues of the Board. The Board shall pledge to pay the principal and interest on such bonds from revenues of the Board, which pledge shall be irrevocable. The bonds so authorized shall be sold and issued by action of the Board and no other ratification or authorization shall be required. The Board shall have power to refund, pay or discharge the principal of any general obligation bond it issued prior to November 5, 2002, when such bond becomes payable, and may use proceeds of a new revenue bond issuance to refund, pay or discharge the general obligation bonds. Existing or future bonds issued by the Board shall continue to be excluded from the determination of any limit upon the indebtedness of the City and County of Denver.

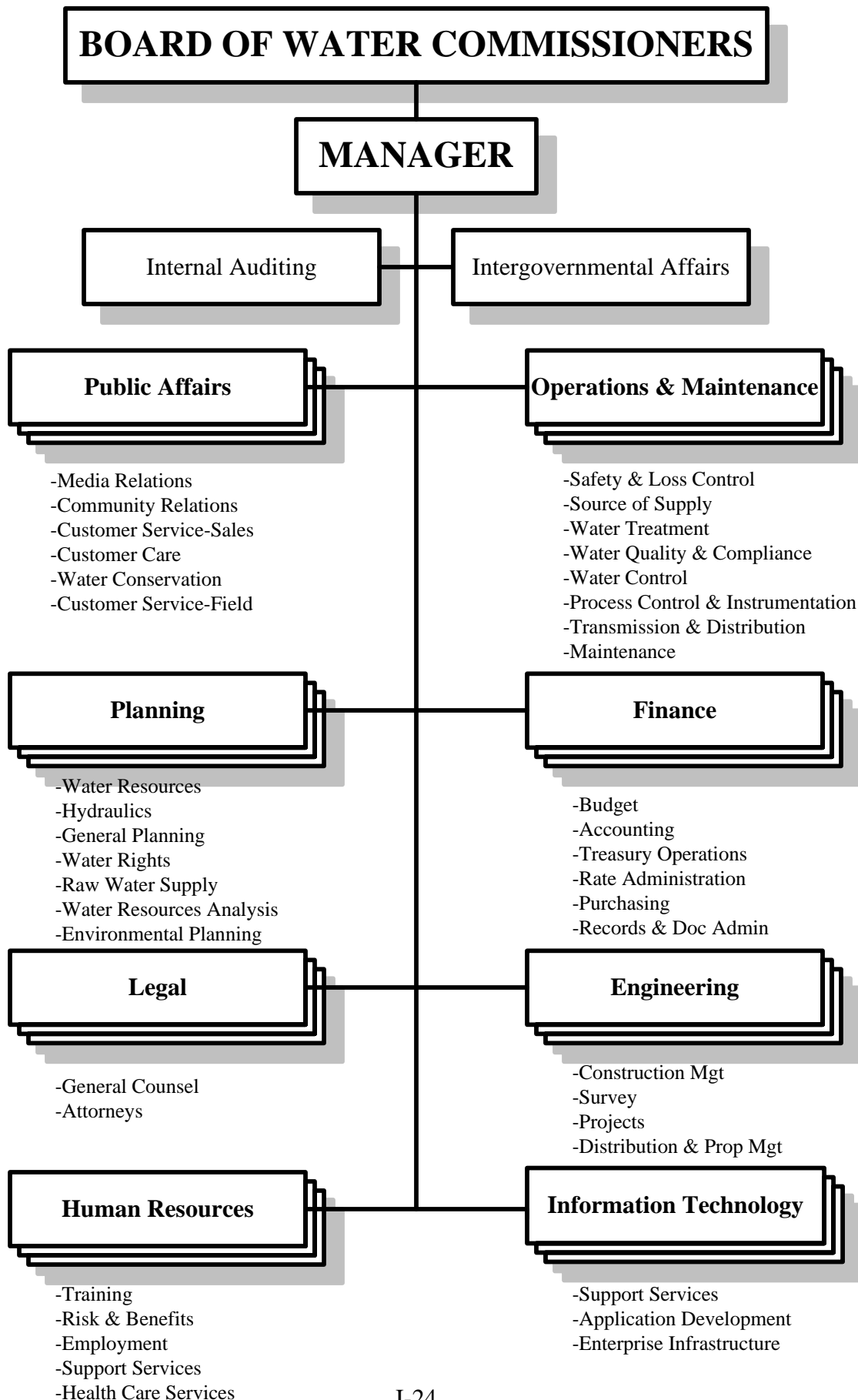
§10.1.16 Board organization. The Board shall adopt rules governing its organization, the calling of special meetings and the conduct of its business. A majority of the Board shall constitute a quorum and all action by the Board shall be taken by a majority of the whole Board and not otherwise.

§10.1.17 Rules and regulations. The Board may adopt rules and regulations with respect to any matter within its jurisdiction as defined by Charter. It may provide for enforcement of its rules and regulations by imposing special charges in an amount reasonably calculated to secure compliance or recompense for water loss, to achieve water conservation and to reimburse the Board for expenses arising out of violation. In addition to any other lawful remedy, enforcement procedure may include refusal to supply water to a property involved. The City and County of Denver by ordinance may supplement Board rules and regulations and provide penalties for the violation of such an ordinance in the same manner as penalties are provided for the violation of other ordinances. Rules adopted by the Board and within its authority shall supersede any conflicting ordinance provision.

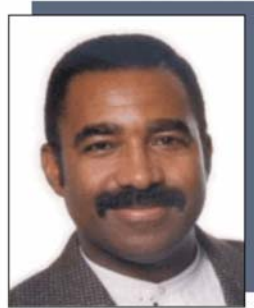
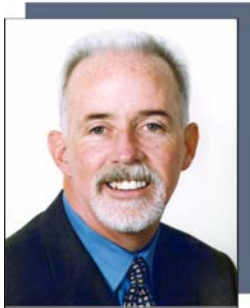
§10.1.18 Publication of rules and regulations. Rules and regulations adopted by the Board shall be effective after they shall have remained posted in a conspicuous public place in the principal business office of the Board for a period of fifteen calendar days. Whenever immediate application of a rule or regulation by the Board is necessary for the preservation of the public peace, health or safety, the Board may so declare, and such rule or regulation shall thereupon become effective immediately upon being posted as provided in this section.

§10.1.19 Continuity of control of water. The Board may make provision for retaining dominion over the water supply under its control through successive uses of such water, such as reuse and exchange. Such dominion shall not be affected by treatment of wastewater produced by use of the water supply.

§10.1.20 Disposition of former charter authority. The provisions of this Article X shall supersede any conflicting provision of the charter existing on May 19, 1959 when this article was adopted.



BOARD OF WATER COMMISSIONERS - As of December 31, 2005



**Top from left, George B. Beardsley, Denise S. Maes;
Bottom from left, Thomas A. Gougeon, Penfield Tate III, Harris D. Sherman**

George B. Beardsley, President
Principal: Inverness Properties, LLC

*Commissioner since February 2, 2004;
Term expires July 10, 2007.*

Denise S. Maes, First Vice President
Attorney: Berenbaum, Weinshenk & Eason

*Commissioner since July 10, 1995;
Term expires July 10, 2007.*

Thomas A. Gougeon
Principal: Continuum Partners LLC

*Commissioner since August 10, 2004;
Term expires July 10, 2011.*

Penfield Tate III
Partner: Trimble, Tate, Nulan & Evans

*Commissioner since October 17, 2005;
Term expires October 17, 2012.*

Harris D. Sherman
Senior Partner: Arnold & Porter LLP

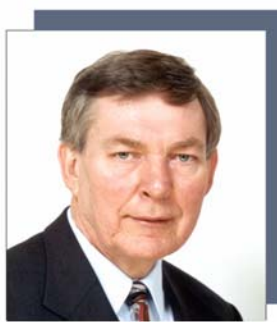
*Commissioner since December 6, 2005;
Term expires July 10, 2009.*

LAST 20 COMMISSIONERS

Don Friedman	Apr 27, 1977 to May 1, 1978
William G. Temple	Jun 28, 1962 to Jul 13, 1978
Charles F. Brannan	Dec 14, 1970 to Sep 26, 1983
James B. Kenney, Jr.	Jan 9, 1976 to Sep 26, 1983
Charles G. Jordan	Sep 26, 1983 to Jun 28, 1985
D. Dale Shaffer	Aug 9, 1978 to Jul 8, 1985
John A. Yelenick	Jul 14, 1969 to Aug 25, 1987
Marguerite S. Pugsley	May 10, 1978 to Aug 25, 1987
Elizabeth A. Hennessey	Nov 4, 1985 to Jul 28, 1989
Malcolm M. Murray	Aug 25, 1987 to Jul 12, 1993

Donald L. Kortz	Aug 25, 1987 to Jul 12, 1993
Monte Pascoe	Sep 26, 1983 to Jul 10, 1995
Romaine Pacheco	Jul 31, 1989 to Jul 10, 1995
Hubert A. Farbes, Jr.	Jul 8, 1985 to Jul 14, 1997
Ronald L. Lehr	Jul 21, 1993 to Apr 20, 1999
Joe Shoemaker	Jul 10, 1995 to Jul 9, 2001
Andrew D. Wallach	Jul 18, 2001 to Aug 5, 2003
Daniel E. Muse	Feb 10, 2000 to Nov 13, 2003
Richard A. Kirk	Jul 21, 1993 to October 18, 2005
William R. Roberts	Jul 10, 1997 to October 18, 2005

MANAGER AND STAFF - As of December 31, 2005



Top from left, Hamlet J. Barry, Secretary-Manager; Marie L. Bassett, Director of Public Affairs; Jonathon L. Diebel, Director of Engineering; Bottom from left, Brian D. Good, Director of Operations & Maintenance; David B. LaFrance, Director of Finance; Edward E. Pokorney, Director of Planning; Patricia L. Wells, General Counsel;

DISCRETIONARY PERSONNEL

(Employees Serving in Executive Discretionary Positions Solely at the Pleasure of the Board)

Manager and Senior Staff

Hamlet J. Barry, III, Secretary-Manager
Marie L. Bassett, Director of Public Affairs
Jonathan L. Diebel, Director of Engineering
Brian D. Good, Director of Operations
& Maintenance
David B. LaFrance, Director of Finance
Edward E. Pokorney, Director of Planning
Patricia L. Wells, General Counsel

Not pictured:

Christopher R. Dermody, Director of Information
Technology
Carla Y. Elam-Floyd, Manager of Human Resources

Other Staff

John H. Bambei, Jr., Chief of Engineering
Edith A. Carlson, Manager of Internal Auditing
Sara Duncan, Intergovernmental Affairs Coordinator
Linda J. Firth, Manager of Community Relations
Kathryn M. Kempke, Manager of Treasury Operations
David L. Little, Manager of Water Resource Planning
Trina L. McGuire-Collier, Manager of Media Relations
Michael L. Walker, Attorney V

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Colorado

For its Comprehensive Annual
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for the Fiscal Year Ended
December 31, 2004

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Carla E. Perry

President

Jeffrey R. Enos

Executive Director

FINANCIAL SECTION

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Dennis J. Gallagher, Auditor,
and the Board of Water Commissioners
City and County of Denver, Colorado:

We have audited the accompanying statements of net assets of the Board of Water Commissioners, City and County of Denver, Colorado (the Board), a component unit of the City and County of Denver, Colorado, as of December 31, 2005 and 2004, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado, as of December 31, 2005 and 2004, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2006, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages II-3 through II-15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The accompanying introductory section, statistical section and supplemental information on pages II-44 through II-51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information on pages II-44 through II-51 has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
March 24, 2006

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 31, 2005 AND 2004

The following is management's discussion and analysis ("MD&A") of the financial activities of the Board of Water Commissioners (the "Board") for the years ended December 31, 2005 and 2004. This information should be read in conjunction with the financial statements which follow.

FINANCIAL HIGHLIGHTS (See details in following sections)

The Board's financial position improved during 2005 due to improved reservoir conditions and removal of mandatory drought restrictions and surcharges.

- There was an *operating income* of \$29.2 million in 2005 compared to \$6.9 million in 2004, an increase of 326%.
- There was *income before capital contributions* of \$13.8 million in 2005 compared to a loss of \$0.6 million in 2004.
- *Capital contributions* were \$40.2 million in 2005 compared to \$47.8 million in 2004, a decrease of 16%.
- *Net assets* were \$1.293 billion at December 31, 2005 compared to \$1.239 billion at December 31, 2004, an increase of 4%.
- *Capital asset additions* were \$81.9 million in 2005 compared to \$71.7 million in 2004, an increase of 14%.
- *Revenue Bonds* in principal amounts of \$30 million were issued in 2005 for the purpose of funding capital improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Board's basic financial statements, which are comprised of four components: 1) statements of net assets, 2) statements of revenues, expenses and changes in fund net assets, 3) statements of cash flows, and 4) notes to the financial statements. The Board also provides certain supplementary information which is presented for additional analysis and is not a required part of the basic financial statements.

The **statements of net assets** present information on all of the Board's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net

assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The **statements of revenues, expenses and changes in fund net assets** present information showing how the Board's net assets changed during the years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is known as the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future (e.g., unbilled water revenue and earned but unused vacation leave) or that may have occurred in the past (e.g., amortization of debt premiums or discount and prepaid contributed capital). This statement measures the success of the Board's activities and can be used to determine whether the Board has successfully recovered all its costs through its water rates and other charges.

The **statements of cash flows** report cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities for the years presented.

The **notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements, such as the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Supplementary information provides details of the Board's capital assets and bonded debt.

FINANCIAL ANALYSIS

NET ASSETS

As discussed above, net assets may serve over time as a useful indicator of the Board's financial position. The Board's net assets were \$1.293 billion at December 31, 2005, an increase of \$54.0 million or 4% from December 31, 2004. Net assets were \$1.239 billion at December 31, 2004, an increase of \$47.2 million or 4% from December 31, 2003 (see Figures 1 and 2 and Table 1).

Figure 1 - Net Assets

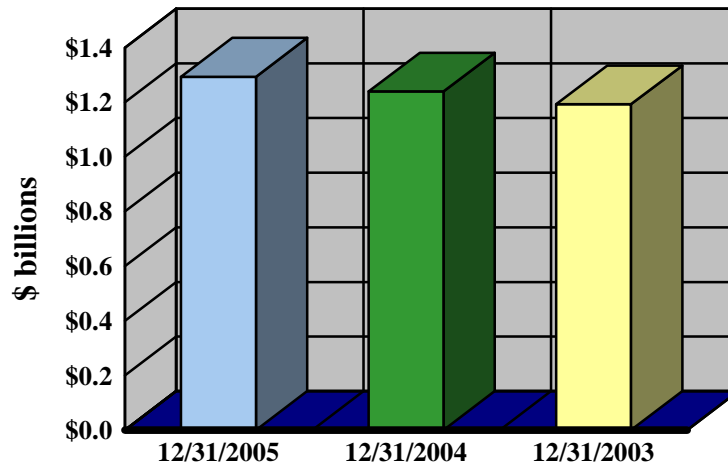


Table 1 - Condensed Statements of Net Assets
(amounts expressed in thousands)

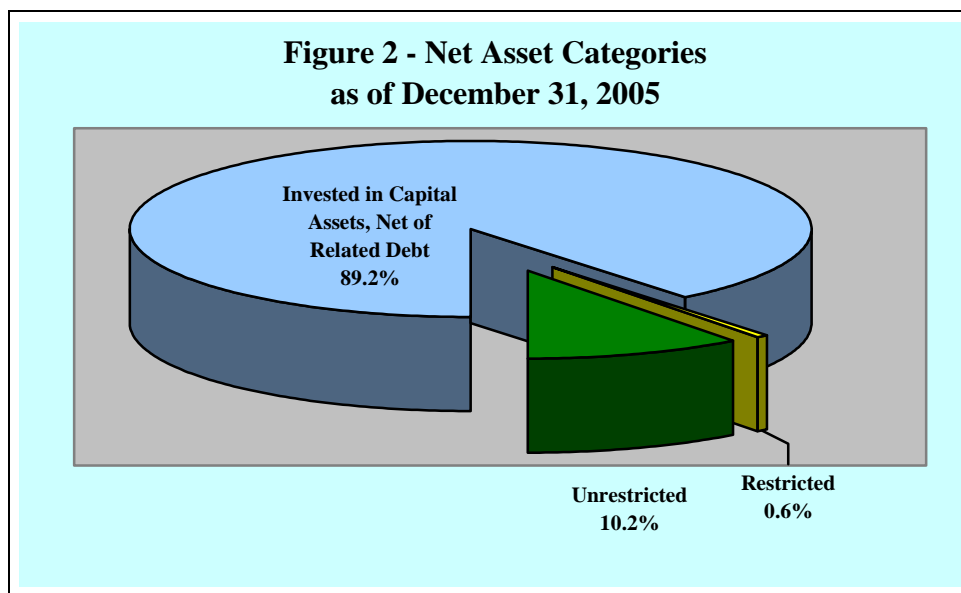
	As of December 31,			2005 - 2004		2004 - 2003	
	2005	2004	2003	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Current and other assets	\$ 202,646	\$ 189,687	\$ 203,523	\$ 12,959	7%	\$ (13,836)	(7)%
Capital assets, net	1,529,484	1,484,530	1,449,915	44,954	3%	34,615	2%
Total assets	1,732,130	1,674,217	1,653,438	57,913	3%	20,779	1%
Current liabilities	49,395	48,871	50,894	524	1%	(2,023)	(4)%
Noncurrent liabilities	389,230	385,890	410,300	3,340	1%	(24,410)	(6)%
Total liabilities	438,625	434,761	461,194	3,864	1%	(26,433)	(6)%
<u>Net assets:</u>							
Invested in capital assets, net of related debt	1,153,567	1,111,654	1,070,437	41,913	4%	41,217	4%
Restricted	7,723	7,002	9,325	721	10%	(2,323)	(25)%
Unrestricted	132,215	120,800	112,482	11,415	9%	8,318	7%
Total net assets	\$ 1,293,505	\$ 1,239,456	\$ 1,192,244	\$ 54,049	4%	\$ 47,212	4%

The largest portion of the Board's net assets reflects its investment in capital assets (i.e., utility plant), less any related debt used to acquire those assets. The Board uses these capital assets to provide water, consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, the resources to repay this debt must be provided from other sources, since the capital assets themselves are not intended to be liquidated to repay these liabilities.

A small portion of the Board's net assets represents resources that are subject to external restrictions on how they may be used. The Board's 2005 restricted net assets consist of the \$1.7

million debt service reserve fund for revenue bonds included in temporary cash investments, and the \$6.0 million reserve fund required for the Certificates of Participation capital lease (“COPs”) displayed in deferred charges. For 2004, restricted net assets consisted of the \$1.1 million debt service reserve fund and the \$5.9 million COPs reserve fund. For 2003, restricted net assets consisted of the \$2.9 million debt service reserve fund and the \$6.4 million COPs reserve fund.

The remaining balance of the Board’s net assets represents unrestricted net assets and may be used to meet the Board’s ongoing obligations to creditors.



The Board’s increase in net assets during 2005 of 4% indicates an improved financial position.

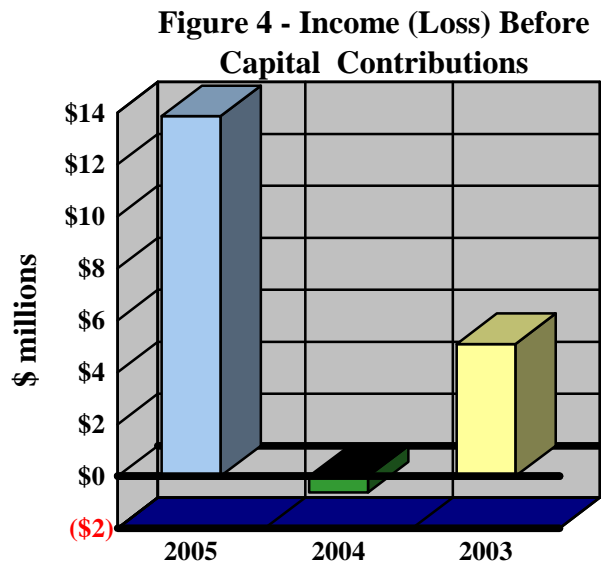
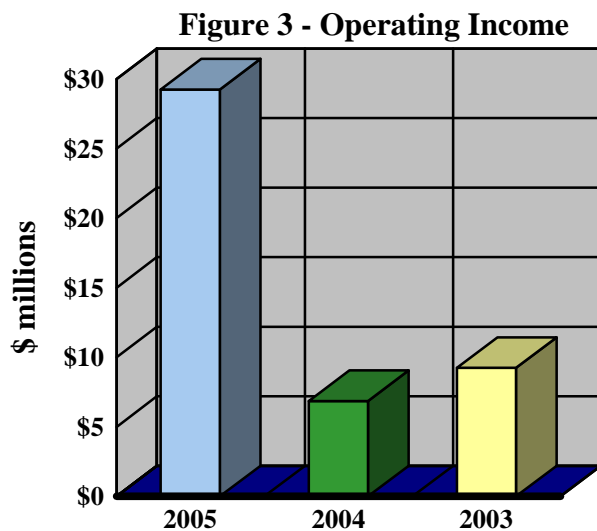
CHANGE IN NET ASSETS

While the statements of net assets display the Board’s assets, liabilities and net assets at year-end, the statements of revenues, expenses and changes in fund net assets provide information on the source of the change in net assets during the year. The increase in net assets of \$54.0 million in 2005 consisted of income before capital contributions of \$13.8 million and capital contributions of \$40.2 million. The increase in net assets of \$47.2 million in 2004 consisted of a loss before capital contributions of \$0.6 million and capital contributions of \$47.8 million (see Table 2).

Table 2 - Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets (amounts expressed in thousands)							
	Years Ended December 31,			2005 - 2004		2004 - 2003	
	2005	2004	2003	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues	\$ 165,879	\$ 141,508	\$ 138,709	\$ 24,371	17%	\$ 2,799	2%
Nonoperating revenues	7,029	10,941	8,649	(3,912)	(36)%	2,292	27%
Total revenues	172,908	152,449	147,358	20,459	13%	5,091	3%
Operating expenses	136,631	134,637	129,465	1,994	1%	5,172	4%
Nonoperating expenses	22,419	18,435	12,806	3,984	22%	5,629	44%
Total expenses	159,050	153,072	142,271	5,978	4%	10,801	8%
Income (loss) before capital contributions	13,858	(623)	5,087	14,481		(5,710)	(112)%
Capital contributions	40,191	47,835	54,037	(7,644)	(16)%	(6,202)	(11)%
Increase in net assets	54,049	47,212	59,124	6,837	14%	(11,912)	(20)%
Beginning net assets	1,239,456	1,192,244	1,133,120	47,212	4%	59,124	5%
Ending net assets	\$ 1,293,505	\$ 1,239,456	\$ 1,192,244	\$ 54,049	4%	\$ 47,212	4%

There was an **operating income** (operating revenues less operating expenses—not reflected in Table 2, see *Statements of Revenues, Expenses and Changes in Fund Net Assets*) of \$29.2 million in 2005, compared to \$6.9 million in 2004 and \$9.2 million in 2003 (see Figure 3).

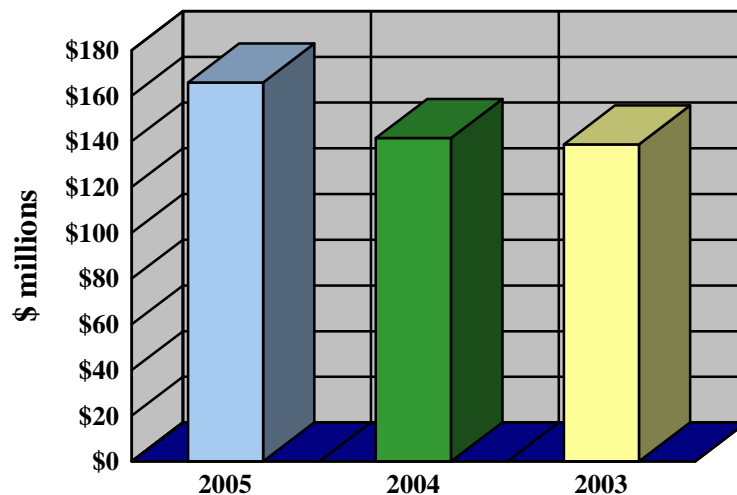
There was **income before capital contributions** of \$13.8 million in 2005 compared to a loss of \$0.6 million in 2004 and income of \$5.1 million in 2003 (see Figure 4).



Specifically, major changes in the statements of revenues, expenses and changes in fund net assets were as follows:

- **OPERATING REVENUES** for in 2005 increased \$24.4 million, or 17% from 2004. They increased \$2.8 million, or 2% between 2004 and 2003 (see Figure 5 and Table 3).

Figure 5 - Operating Revenues



	Years Ended December 31,			2005 - 2004		2004 - 2003	
	2005	2004	2003	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Water:							
Water sales	\$ 158,522	\$ 127,071	\$ 124,355	\$ 31,451	25%	\$ 2,716	2%
Drought surcharges (refunds)	(68)	9,067	9,120	(9,135)	(101)%	(53)	(1)%
	158,454	136,138	133,475	22,316	16%	2,663	2%
Power generation and other:							
Power sales	2,943	1,568	1,478	1,375	88%	90	6%
Special assessments	4,482	3,802	3,756	680	18%	46	1%
	7,425	5,370	5,234	2,055	38%	136	3%
Total operating revenues	\$ 165,879	\$ 141,508	\$ 138,709	\$ 24,371	17%	\$ 2,799	2%

Water sales in 2005 increased due to a 13% increase in treated water consumption (68.474 billion gallons in 2005 compared to 60.578 billion gallons in 2004) and a rate increase effective January 1, 2005. The increased consumption was due to the removal of mandatory drought restrictions and surcharges, improved reservoir conditions, and a hotter and drier summer in 2005 compared to 2004.

Water sales in 2004 increased despite a 7% decrease in treated water consumption (60.578 billion gallons in 2004 compared to 65.348 billion gallons in 2003) due to a rate increase effective January 1, 2004 and a service charge increase effective September 7, 2004. The

decreased consumption was largely the effect of water restrictions and conservation incentives instituted by the Board in response to the drought, plus differences in precipitation levels this year compared to last year. Most water restrictions were terminated September 1, 2004.

Drought surcharges on water consumption were imposed by the Board from November 1, 2002 through July 31, 2003, and May 1, 2004 through August 30, 2004.

A tap surcharge was effective September 18, 2002 through June 26, 2003, and April 14, 2004 through August 30, 2004. Proceeds from the tap surcharge were used for conservation rebates.

In response to customer concerns and comments about the 2004 consumption surcharge calculation methodology, on October 27, 2004 the Board decided to recalculate the surcharges taking into account individual usage and savings, and make full or partial refunds. The negative balance for 2005 represents refunds of surcharges, in excess of amounts accrued as of December 31, 2004.

Power Sales consist of sales of electricity to Xcel Energy and Tri-State Generation and Transmission Association from six power generating facilities: Dillon, Foothills, Hillcrest, Roberts Tunnel, Strontia Springs and Williams Fork. Because power is generated by use of water turbines, differences in power sales from year to year are caused primarily by increases or decreases in water flows due to weather conditions or interruptions of power generating operations for repairs and maintenance.

Special assessments consist primarily of delinquent bill charges, hydrant meter revenue, turn-off/turn-on charges, and charges for water violations and exemption permits. Differences from year to year are caused by increases or decreases in one or more of these components.

- **NONOPERATING REVENUES** for 2005 decreased \$3.9 million, or 36% from 2004. They increased \$2.3 million, or 27% between 2004 and 2003 (see Table 4).

Table 4 - Nonoperating Revenues (amounts expressed in thousands)							
	Years Ended December 31,			2005 - 2004		2004 - 2003	
	2005	2004	2003	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Investment income	\$ 4,295	\$ 4,777	\$ 4,700	\$ (482)	(10)%	\$ 77	2%
Gain on disposition of capital assets	-	3,237	-	(3,237)	-	3,237	
Other nonoperating income	2,734	2,927	3,949	(193)	(7)%	(1,022)	(26)%
Total nonoperating revenues	\$ 7,029	\$ 10,941	\$ 8,649	\$ (3,912)	(36)%	\$ 2,292	27%

Investment income decreased during 2005 due to the flattening of the yield curve as the Federal Reserve increased short term interest rates. As a result the market value of bonds having maturities in the middle portion of the curve decreased, reducing interest income for the year. This impact was particularly noticeable in the second half of the year and

prompted the Board to significantly reduce the duration of the portfolio. (See note 2, "Investments.")

Gain on disposition of capital assets increased in 2004 primarily due to the sale of 685 acres of Fraser River land near Winter Park to Koelbel & Company in May 2004, and the sale of 135 acres of Fehringer Ranch land to Jefferson County Open Space in December 2004.

Other nonoperating income decreased in 2004 due to the receipt of operating grants in 2003 from the U.S. Department of Agriculture and U.S. Environmental Protection Agency for restoration of land around Cheesman Reservoir damaged by the Hayman fire.

- **OPERATING EXPENSES** for 2005 increased \$2.0 million, or 1% from 2004. They increased \$5.2 million, or 4% between 2004 and 2003 (see Figures 6, 7, 8 and Table 5).

Figure 6 - Total Operating Expenses

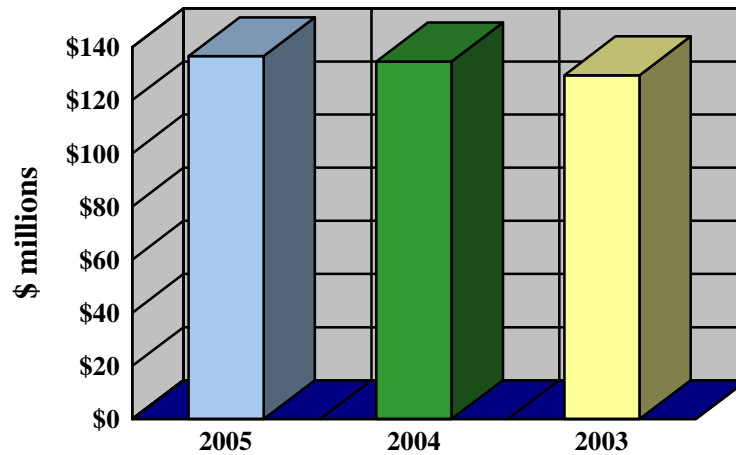
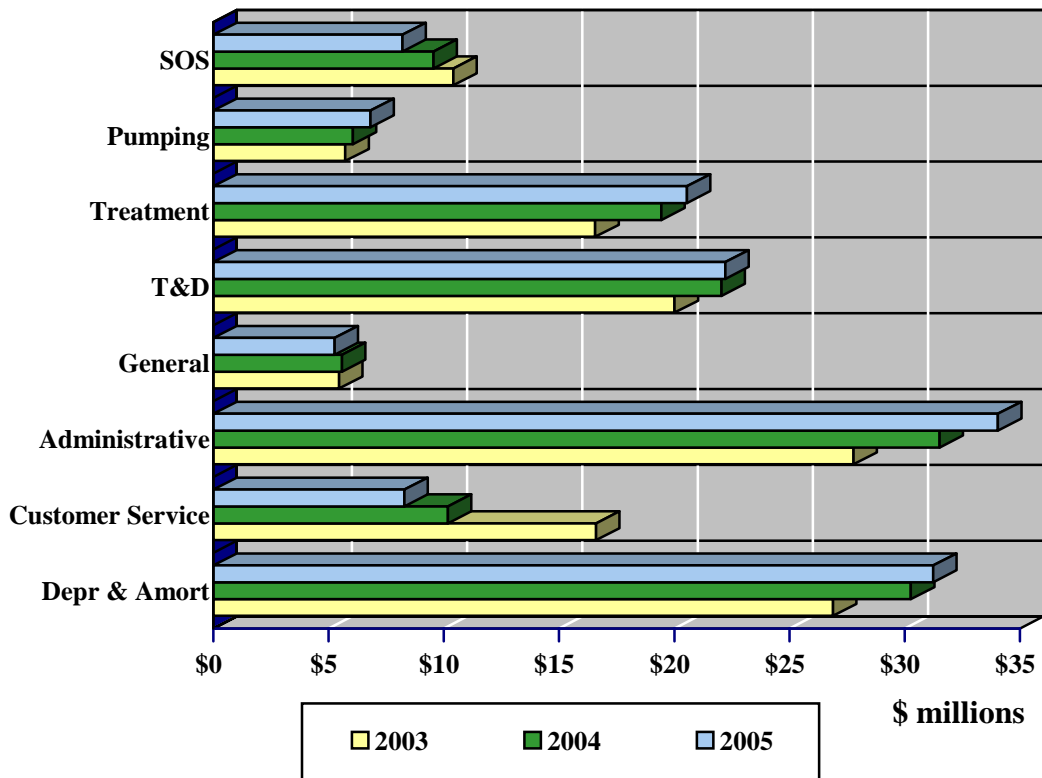


Table 5 - Operating Expenses by Category
(amounts expressed in thousands)

	Years Ended December 31,			2005 - 2004		2004 - 2003	
	2005	2004	2003	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Source of supply	\$ 8,207	\$ 9,558	\$ 10,421	\$ (1,351)	(14)%	\$ (863)	(8)%
Pumping	6,823	6,053	5,732	770	13%	321	6%
Treatment	20,552	19,436	16,570	1,116	6%	2,866	17%
Transmission & distribution	22,215	22,044	20,012	171	1%	2,032	10%
General	5,267	5,591	5,463	(324)	(6)%	128	2%
Administrative	34,045	31,513	27,777	2,532	8%	3,736	13%
Customer service	8,290	10,174	16,601	(1,884)	(19)%	(6,427)	(39)%
Depreciation and amortization	31,232	30,268	26,889	964	3%	3,379	13%
Total operating expenses	<u>\$ 136,631</u>	<u>\$ 134,637</u>	<u>\$ 129,465</u>	<u>\$ 1,994</u>	1%	<u>\$ 5,172</u>	4%

Figure 7 - Operating Expenses by Category



Major changes were as follows:

Source of supply decreased in both years due to the continuing reduction of reclamation work at Cheesman Reservoir to stabilize the slopes damaged by the 2002 Hayman Fire, and higher power interference costs at Dillon during 2004.

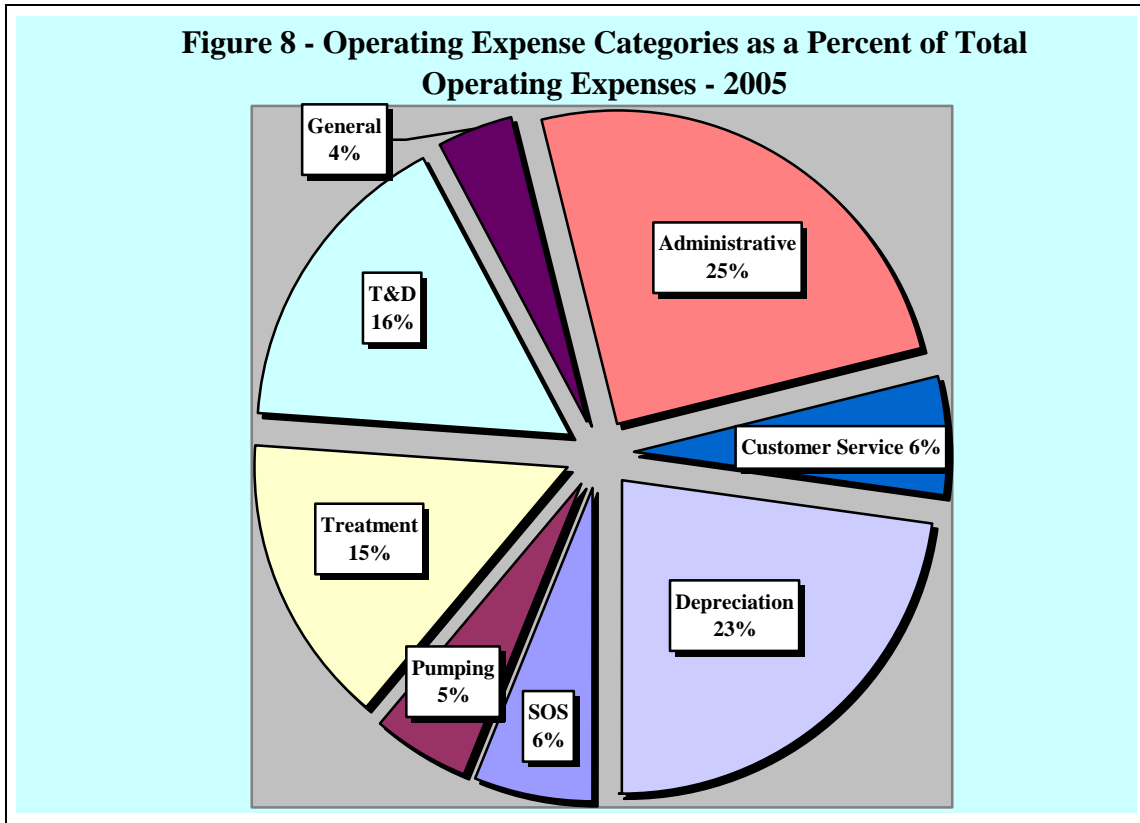
Treatment increased in 2005 due to increased operating costs of Foothills, Moffat and Marston, specifically, chemicals and utilities; and increased in 2004 due to the opening of the recycling plant.

Transmission and distribution increased in 2004 due to maintenance and rehabilitation of water mains and conduits.

Administrative increased in 2005 due to higher costs in Information Technology, and Engineering Programs and Projects. They increased in 2004 due to higher costs in Information Technology and Public Affairs-Conservation for drought related activities.

Customer Service decreased in 2005 and 2004 due to the continuing decrease in drought related activities as a result of improved reservoir conditions and the removal of mandatory drought restrictions.

Depreciation & Amortization increased in both years due to capital asset additions.



- **NONOPERATING EXPENSES** for 2005 increased \$4.0 million, or 22% from 2004. They increased \$5.6 million, or 44% between 2004 and 2003 (see Table 6).

	Years Ended December 31,			2005 - 2004		2004 - 2003	
	2005	2004	2003	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Interest expense	\$ 16,353	\$ 15,283	\$ 7,684	\$ 1,070	7%	\$ 7,599	99%
Loss on disposition of capital assets	3,097	-	481	3,097	-	(481)	-
Other nonoperating expense	2,969	3,152	4,641	(183)	(6)%	(1,489)	(32)%
Total nonoperating expenses	<u>\$ 22,419</u>	<u>\$ 18,435</u>	<u>\$ 12,806</u>	<u>\$ 3,984</u>	<u>22%</u>	<u>\$ 5,629</u>	<u>44%</u>

Interest expense increased in 2005 and 2004 because less interest expense was capitalized for construction of the new recycling plant, Marston filtration improvements, and Foothills disinfection improvements than in each of the comparable years. When interest is capitalized, the interest is added to the cost of the project rather than being charged to interest expense.

Loss on disposition of capital assets increased in 2005 primarily due to write-off of obsolete assets at Marston and the West Side complex.

Other nonoperating expense decreased in 2004 due to expenses related to the issuance of two revenue bond issues in 2003, including the cost of bond insurance policies.

- **CAPITAL CONTRIBUTIONS** in 2005 decreased \$7.6 million, or 16% from 2004. They decreased \$6.2 million, or 11% between 2004 and 2003 (see Table 7).

Table 7 - Capital Contributions (amounts expressed in thousands)							
	Years Ended December 31,			2005 - 2004		2004 - 2003	
	2005	2004	2003	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Contributions in aid of construction	\$ 14,072	\$ 11,374	\$ 33,469	\$ 2,698	24%	\$ (22,095)	(66)%
System development charges	26,119	36,461	20,568	(10,342)	(28)%	15,893	77%
Total capital contributions	<u>\$ 40,191</u>	<u>\$ 47,835</u>	<u>\$ 54,037</u>	<u>\$ (7,644)</u>	(16)%	<u>\$ (6,202)</u>	(11)%

Contributions in aid of construction represent facilities, or cash payments for facilities, conveyed to the distribution system from property owners, governmental agencies and customers who receive benefit from such facilities. Differences from year to year are caused by the general level of construction activity in the Denver metropolitan area. The large decrease in 2004 was the result of conveyances from the City in 2003 for conduits and mains constructed at Denver International Airport in the amount of \$23.0 million.

System development charges (“SDCs”) represent fees charged to customers to connect to the water system. They decreased in 2005 and increased in 2004 due to the recognition in 2004 of prepaid SDCs from Xcel Energy of \$12.5 million and Clayton Foundation of \$0.4 million for nonpotable water. The cash was received in 1998 and was initially recorded in Customer Advances for Construction, a liability. When the recycling plant opened in February 2004, and nonpotable water began to be delivered, the SDCs were deemed to be “earned” and were moved from the liability to capital contributions.

CAPITAL ASSET ACTIVITY

The Board’s capital assets at December 31, 2005 and 2004 amounted to \$1.53 billion and \$1.48 billion, net of accumulated depreciation and amortization, respectively. Capital asset additions for 2005 and 2004 were \$81.9 million and \$71.7 million, respectively, an increase of \$10.2 million or 14%.

Information on Denver Water’s capital assets can be found in Note 4 to the financial statements and Exhibit I of the supplemental information.

<u>Table 8 - Capital Additions</u> <u>Year Ended December 31, 2005</u> <u>(amounts expressed in thousands)</u>	
Conduits, mains, hydrants & valves	\$ 36,140
Land acquisitions	5,728
Computer software and Information Technology projects	5,244
Foothills Treatment Plant improvements	3,736
Recycling Plant, conduits and mains	3,588
Large meter replacement	3,242
Gross Power Plant	2,903
Marston Treatment Plant improvements	2,527
Eleven Mile Reservoir improvements	2,278
Moffat Treatment Plant improvements	2,179
Green Mountain Pump Station	1,888
Gravel pit projects	1,553
Vehicle & machine purchases	1,522
Water rights	1,337
Other	8,012
	<u>\$ 81,877</u>

LONG-TERM DEBT ACTIVITY

On June 21, 2005 the Board held a competitive sale for \$30 million of Series 2005 water revenue bonds. The bonds were sold to Goldman Sachs & Co. and the sale was closed on July 12, 2005. The Series 2005 Bonds will mature on each December 1 of the years 2006 through 2025 and will pay interest semiannually on June 1 and December 1, commencing on December 1, 2005. The net purchase price of the bonds was \$30.7 million and the proceeds were used for the following purposes:

- Expansion of the recycled water distribution system
- Installation of automatic meter reading devices
- Replacement of large meters
- Improvements to Marston Water Treatment Plant, Gross Reservoir Dam, Eleven Mile Reservoir Dam and Cheesman Reservoir Dam
- Bond issuance costs

All remaining outstanding Series 1995 general obligation bonds, in the amount of \$545,000, were called and extinguished on October 1, 2005.

Information on Denver Water's long-term debt can be found in Notes 6, 7, 8 and 11 to the financial statements and Exhibits II-A through II-G of the supplemental information.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
Denver Water
1600 W. 12th Ave.
Denver, Co 80204

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2005 AND 2004
(amounts expressed in thousands)

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
CURRENT ASSETS:		
Cash	\$ 630	\$ 57
Temporary cash investments, at fair value, including accrued interest	130,231	87,733
Accounts receivable	16,650	10,298
Materials and supplies inventory, at weighted average cost	6,060	5,454
	<u>153,571</u>	<u>103,542</u>
Totals		
Total current assets	<u>153,571</u>	<u>103,542</u>
NONCURRENT ASSETS:		
Capital assets:		
Utility plant	1,794,895	1,730,253
Nonutility plant	9,018	9,196
	<u>1,803,913</u>	<u>1,739,449</u>
Less accumulated depreciation and amortization	(452,228)	(424,383)
	<u>1,351,685</u>	<u>1,315,066</u>
Utility plant under capital lease, less accumulated amortization of \$23,373 and \$22,749, respectively	88,759	94,268
Construction in progress	89,040	75,196
Net capital assets	<u>1,529,484</u>	<u>1,484,530</u>
Other noncurrent assets:		
Long-term investments	31,517	70,669
Deferred charges and other assets, less accumulated amortization of \$227 and \$211, respectively	8,817	8,326
Long-term receivable	8,741	7,150
Total other noncurrent assets	<u>49,075</u>	<u>86,145</u>
Total noncurrent assets	<u>1,578,559</u>	<u>1,570,675</u>
Total assets	<u>1,732,130</u>	<u>1,674,217</u>

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2005 AND 2004

(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,059	\$ 6,068
Accrued payroll, vacation and other employee benefits	12,034	11,655
Construction contracts (including retainages of \$694 and \$812, respectively)	2,108	1,779
Accrued interest on long-term debt	3,429	3,704
Unearned revenue	-	10
Current portion of bonds payable:		
General obligation bonds	13,345	16,490
Revenue bonds	8,250	3,275
Current portion of obligations under capital lease:		
Certificates of participation	5,005	4,800
Other	1,165	1,090
Total current liabilities	<u>49,395</u>	<u>48,871</u>
NONCURRENT LIABILITIES:		
Bonds payable, net:		
General obligation bonds	87,479	101,847
Revenue bonds	190,005	168,604
Obligations under capital lease:		
Certificates of participation	44,362	49,299
Other	26,306	27,471
Customer advances for construction	34,277	31,288
Accrued sick leave	4,483	5,172
Waste disposal closure and postclosure care	2,318	2,209
Total noncurrent liabilities	<u>389,230</u>	<u>385,890</u>
Total liabilities	<u>438,625</u>	<u>434,761</u>
COMMITMENTS AND CONTINGENCIES		
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	1,153,567	1,111,654
Restricted for debt service reserve funds	7,723	7,002
Unrestricted	132,215	120,800
Total net assets	<u>\$ 1,293,505</u>	<u>\$ 1,239,456</u>

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Water	\$ 158,454	\$ 136,138
Power generation and other	<u>7,425</u>	<u>5,370</u>
Total operating revenues	<u>165,879</u>	<u>141,508</u>
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	57,797	57,091
General and administrative	39,312	37,104
Customer service	8,290	10,174
Depreciation and amortization	<u>31,232</u>	<u>30,268</u>
Total operating expenses	<u>136,631</u>	<u>134,637</u>
OPERATING INCOME	<u>29,248</u>	<u>6,871</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	4,295	4,777
Interest expense, less capitalized interest of \$155 and \$1,225, respectively	(16,353)	(15,283)
Gain (loss) on disposition of capital assets	(3,097)	3,237
Other income	2,734	2,927
Other expense	<u>(2,969)</u>	<u>(3,152)</u>
Total nonoperating expenses, net	<u>(15,390)</u>	<u>(7,494)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>13,858</u>	<u>(623)</u>
CAPITAL CONTRIBUTIONS:		
Contributions in aid of construction	14,072	11,374
System development charges	<u>26,119</u>	<u>36,461</u>
Total capital contributions	<u>40,191</u>	<u>47,835</u>
INCREASE IN NET ASSETS	54,049	47,212
NET ASSETS:		
Beginning of year	<u>1,239,456</u>	<u>1,192,244</u>
End of year	<u><u>\$1,293,505</u></u>	<u><u>\$1,239,456</u></u>

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$157,936	\$146,562
Payments to employees	(75,360)	(73,476)
Payments to suppliers	(33,120)	(28,815)
Other receipts	5,065	5,284
Other payments	(3,148)	(3,211)
Net cash provided by operating activities	<u>51,373</u>	<u>46,344</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction and customer advances for construction	4,202	6,092
Proceeds from system development charges	26,119	23,521
Proceeds from sales of capital assets	162	7,906
Proceeds from long-term revenue bonds, plus premium, less discount	30,742	14,108
Acquisition of capital assets	(68,376)	(72,445)
Principal payments for long-term bonds	(19,765)	(13,910)
Retirements of long-term bonds	(545)	-
Principal payments for capital lease obligations	(5,890)	(5,625)
Interest paid (includes capitalized interest of \$155 and \$1,225, respectively)	(18,285)	(18,610)
Net cash used for capital and related financing activities	<u>(51,636)</u>	<u>(58,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	389,436	354,528
Interest received from investments	4,222	4,792
Purchases of investments	(392,822)	(347,082)
Net cash provided by investing activities	<u>836</u>	<u>12,238</u>
NET INCREASE (DECREASE) IN CASH	573	(381)
CASH, AT BEGINNING OF YEAR	<u>57</u>	<u>438</u>
CASH, AT END OF YEAR	<u><u>\$ 630</u></u>	<u><u>\$ 57</u></u>

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$29,248	\$ 6,871
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenues	5,084	5,161
Other nonoperating expenses	(3,257)	(3,254)
(Increase) decrease in fair value of investments	(9)	235
Depreciation and amortization of property, plant and equipment	31,232	30,268
Change in assets and liabilities-		
Accounts receivable	(7,943)	5,054
Materials and supplies inventory	(378)	(198)
Deferred charges	(384)	992
Accounts payable	(2,009)	49
Accrued payroll, vacation and other employee benefits	(310)	1,235
Unearned revenue	(10)	(112)
Waste disposal closure and postclosure care	109	43
Net cash provided by operating activities	<u>\$51,373</u>	<u>\$46,344</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1)	\$12,859	\$ 6,570
(Increase) decrease in fair value of investments	9	(235)

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

NOTES TO FINANCIAL STATEMENTS - CONTENTS
DECEMBER 31, 2005 AND 2004

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BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Water Commissioners (the "Board") was created under the Charter of the City and County of Denver, Colorado (the "City") as an independent, nonpolitical board. The Board has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area. It also operates six power plants which generate power for sale to Xcel Energy and Tri-State Generation and Transmission Association, for internal consumption, and for repayment to the Department of Energy for power interference.

The Board has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14 and 39, *The Financial Reporting Entity*, the Board would be classified as 1) an "other stand-alone government" since the Board is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for the Board, and 2) a "related organization" since the Mayor of the City appoints the Board's governing body, but is not financially accountable. However, the City has elected to include the Board's financial statements in the City's financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States of America, the Board's financial statements present the Board and its component units. The Employees' Retirement Plan of the Denver Board of Water Commissioners, (the "Plan"), the Board's trustee single-employer defined benefit pension plan, is part of the Board's entity but has been excluded for financial reporting purposes because of the following provision of the Plan (see Note 12):

The Plan and the Retirement Trust Fund created by the Plan were established and shall be maintained for the exclusive benefit of the eligible employees of the Board and their beneficiaries. No part of the Retirement Trust Fund can ever revert to the Board or be used for or diverted to purposes other than the exclusive benefit of the employees of the Board and their beneficiaries or the payment of expenses of the Plan.

Separate audited financial statements are available for the Plan.

B. Measurement Focus and Basis of Accounting

The Board's financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the statement of net assets, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

C. Accounting Standards

The Board applies all applicable pronouncements of the GASB as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Opinions of the Accounting Principles Board, and Accounting Research Bulletins of the Committee on Accounting Procedure of the American

Institute of Certified Public Accountants. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash

The definition of cash for purposes of the statements of cash flows is demand deposits held by financial institutions , cash on hand, and equity in treasurer's cash which represents cash on deposit with the City Treasurer in the Water Works Fund. Treasurer's cash is available for immediate withdrawal upon request by the Board.

F. Investments

The Board's investments consist of money market investments (commercial paper and money market mutual funds) and U.S. Treasury, agency, and corporate notes and bonds. The method of valuation for all investments is fair value (see Note 2).

G. Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates market.

H. Restricted Net Assets and Flow Assumption for Restricted Net Assets

Restricted net assets consists of the revenue bonds debt service reserve fund included in temporary cash investments, and the Certificates of Participation capital lease ("COPs") reserve fund included in deferred charges. The revenue bonds debt service fund is used to pay principal and interest on the revenue bonds as they become due, and the COPs reserve fund is to be used only in the event the Board fails to make any base rental payments or other required payments and fees from unrestricted assets. At the end of the lease term, the reserve fund and any related interest will be released to the Board.

I. Capital Assets

Purchased and constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date received. Assets are capitalized if they have a cost of \$2,500 or more and have a useful life of more than one year.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

<u>Depreciation Lives by Asset Class</u>	
Buildings and improvements	10 - 80 years
Motor vehicles and motorized equipment	7 - 50 years
Furniture, machinery and equipment	5 - 20 years

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in nonoperating revenues (expenses).

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the related projects become operational. When projects become operational, the costs are transferred to property, plant and equipment and depreciated over the estimated useful life of the asset. In the event the projects do not become operational or the costs do not benefit future projects, all accumulated costs are expensed in the period such determination is made. If the projects become inactive but are not abandoned, the costs are carried as deferred charges and amortized over their estimated useful lives, or until the related projects become operational or abandoned. At December 31, 2005 and 2004, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled \$97,000 and \$113,000, respectively, net of amortization.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are also capitalized, and such costs are depreciated over the estimated useful lives of the related assets when the related assets are transferred to capital assets.

J. Contributions

Contributions consist of contributions in aid of construction ("CAC") and system development charges ("SDC"). CAC represent facilities, or cash payments for facilities, received from property owners, governmental agencies and customers who receive benefit from such facilities. SDC represent fees charged to customers to connect to the water system. Contributions are recognized in the statement of revenues, expenses, and changes in fund net assets, after nonoperating revenues (expenses), when earned. Assets acquired through CAC and SDC are included in capital assets. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CAC and SDC assets, respectively, and is included in operating expenses (see Note 15).

K. Employee Compensated Absences

The Board's policy is to accrue as an expense and liability employee vacation, sick leave and other compensated absences when the employee vests in such benefits.

L. Operating Revenues and Expenses

Operating revenues consist primarily of charges to customers for the sale of water and power. Operating expenses consist of the cost of providing water and power, including administrative expenses and depreciation on capital assets. All other revenues and expenses are classified as nonoperating.

The Board accrues for estimated unbilled revenues for water provided through the end of each year from the last reading of the meters, based on the billing cycle.

M. Rates and Fees

Under the City Charter, the Board is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

Consumption and Service Charges

On October 1, 2003, the Board approved a rate increase, effective January 1, 2004.

On June 9, 2004, the Board approved a service charge increase effective September 7, 2004.

On September 29, 2004, the Board approved a rate increase, effective January 1, 2005,

On September 14, 2005, the Board approved a rate increase, effective January 1, 2006, which is estimated to increase normalized annual revenues by 8.0%.

SDC

On November 24, 2004, the Board approved an increase in SDC, effective January 31, 2005, by an average of 11%.

Temporary Drought Consumption Surcharges

In response to the drought, on April 14, 2004, the Board approved consumption surcharges, effective May 1, 2004, which were terminated August 30, 2004.

Temporary Drought SDC Surcharge

On April 14, 2004, the Board approved an SDC surcharge effective April 14, 2004, which was terminated on August 30, 2004.

N. Recently Issued Accounting Standards

The Board early-implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, in 2003, which affects the Board's disclosures in Note 2, *Investments*. It officially became effective in 2005.

O. Reclassifications

Certain amendments to the articles of incorporation of Denver Capital Leasing Corporation ("DCLC") have made it necessary for the City to no longer treat DCLC as a component unit. Therefore, the Board no longer treats DCLC as it has in the past, as "an interest in a component unit of the City." As a result, the line items labeled "Certificates of Participation," current and noncurrent, in the liabilities section of the statements of net assets have been changed to "Obligation under Capital Lease – Certificates of Participation." Assets purchased with the COPs and related depreciation have been removed from "Utility Plant" and "Accumulated Depreciation and Amortization," respectively, and are now shown as "Utility Plant under Capital Lease, Less Accumulated Amortization." The 2004 presentation has been changed to conform to the current year presentation (see Note 7).

On the statements of net assets, "Bonds Payable," current and noncurrent, have been broken out into "General Obligation Bonds" and "Revenue Bonds." The 2004 presentation has been changed to conform to the current year presentation. Also, certain reclassifications were made between current and long-term investments in 2004.

(2) INVESTMENTS

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. The Board has an investment policy that allows for the following investments:

- U.S. Government direct obligations and unconditionally guaranteed federal agency securities
- Other federal agency securities
- Commercial paper
- Investment grade corporate bonds
- Money market mutual funds

The Board's investments (current and long-term) at December 31, 2005 and 2004, and their maturities were as follows:

<u>Current and Long-Term Investments</u> <u>December 31, 2005</u> <u>(amounts expressed in thousands)</u>					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 89,871	\$ 58,354	\$ 31,517	\$ -	\$ -
Commercial paper	37,937	37,937	-	-	-
U.S. agencies	26,074	26,074	-	-	-
Repurchase agreement	5,660	5,660	-	-	-
Total securities	159,542	128,025	31,517	-	-
Money market funds (not considered securities)	2,206	2,206	-	-	-
Total investments	<u>\$ 161,748</u>	<u>\$ 130,231</u>	<u>\$ 31,517</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Current and Long-Term Investments</u> <u>December 31, 2004</u> <u>(amounts expressed in thousands)</u>					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Corporate obligations	\$ 51,761	\$ -	\$ 15,411	\$ 23,280	\$ 13,070
U.S. treasuries	49,882	35,979	6,858	3,798	3,247
Commercial paper	24,801	24,801	-	-	-
U.S. agencies	23,726	18,721	1,514	321	3,170
Repurchase agreement	7,151	7,151	-	-	-
Total securities	157,321	86,652	23,783	27,399	19,487
Money market funds (not considered securities)	1,081	1,081	-	-	-
Total investments	<u>\$ 158,402</u>	<u>\$ 87,733</u>	<u>\$ 23,783</u>	<u>\$ 27,399</u>	<u>\$ 19,487</u>

The Board maintains two investment portfolios, a liquidity portfolio which is designed to provide funds to meet the Board's obligations when they come due and an investment portfolio which is designed to attain a market average rate of return over a full interest rate cycle.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's investment policy for the liquidity portfolio limits investments to the following maximum maturities.

<u>Maximum Maturities for Liquidity Portfolio</u>	
<u>Type of Investment</u>	<u>Maximum Maturity</u>
Commercial Paper	7 months
Agency Securities	12 months, unless held under a repurchase agreement
Treasury Securities	2 years, unless held under a repurchase agreement
Repurchase Agreements	7 business days

The Board's investment policy for the investment portfolio was revised in 2005. The policy at year-end limits investments to the following maximum maturities.

<u>Maximum Maturities for Investment Portfolio</u>	
<u>Type of Investment</u>	<u>Maximum Maturity</u>
Treasury Securities	5 years
All Other Securities	3 years

The investment policy limits the duration of the investment portfolio to a range between 75% and 125% of the index used for performance measurement, the Merrill Lynch US Treasury 1-3 year index. At year end, the investment portfolio duration is between 1.5 and 2 years compared to 1.7 years for the index. Duration is a statistical measure of a portfolio's sensitivity to interest rate changes. The greater a portfolio's duration, the more volatile its expected change in value due to a change in the general level of interest rates.

Credit Risk

The Board limits the purchase of investments in commercial paper to those rated either A1 or better by Standard & Poor's (S&P) or P1 by Moody's Investor Services (Moody's). Corporate bonds must have an investment grade rating by either S&P or Moody's, both nationally recognized statistical rating organizations. As of December 31, 2005 the Board's investments in commercial paper were rated A1 or better by Standard & Poor's or P-1 by Moody's Investors Service. The Board did not hold investments in corporate bonds at December 31, 2005.

Concentration of Credit Risk

The Board has placed limits on the amount that can be invested in any one issuer. For the liquidity portfolio, the limit on commercial paper is the lesser of \$10 million or 5% of the portfolio at the time of purchase. Agency securities are limited to an investment of no more than \$20 million in any one agency, including securities held under repurchase agreements. There is no limit on U. S. treasury securities. The investment portfolio has no limit for treasury securities and may not hold more than 10% of the cost of the portfolio in any one agency security. It may hold no more than 5% of the portfolio per issuer for any other security. At year end, there were no investments that exceeded the limits imposed by the Board and no securities that were greater than 5% of their respective portfolio's value other than treasuries.

Reserve Fund Agreement

Effective April 7, 2004, the Board entered into an agreement with BNY Western Trust Company ("Trustee") and Lehman Brothers Special Financing, Inc. ("Lehman") whereby monies held by Trustee as reserve funds required by Certificates of Participation (Note 7) are invested in securities sold by Lehman at a guaranteed fixed interest rate of 4.127%. The agreement was entered into by the Board for purposes of managing its borrowings and related investments by increasing the predictability of its cash flow from earnings and not for purposes of speculation. The agreement is scheduled to terminate in November 2011 for the Series 1998 Certificates and in November 2016 for

the Series 2001 Certificates. Scheduled reserve fund amounts to be invested under the agreement over its term are \$2,321,000 for the Series 1998 Certificates and \$3,595,000 for the Series 2001 Certificates.

(3) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2005 and 2004, were as described below. Other Receivables include receivables for contributions in aid of construction, system development charges, nonpotable and hydrant water sales, and power sales.

<u>Accounts Receivable</u> <u>(amounts expressed in thousands)</u>				
December 31,				
	<u>2005</u>		<u>2004</u>	
Receivables for treated water sales	\$ 14,386	86%	\$ 7,902	77%
Other receivables	<u>2,264</u>	<u>14%</u>	<u>2,396</u>	<u>23%</u>
	<u>\$ 16,650</u>	<u>100%</u>	<u>\$ 10,298</u>	<u>100%</u>
<u>Receivables from City and County of Denver (included above):</u>				
Receivables for treated water sales	<u>\$ 78</u>		<u>\$ 149</u>	

(4) CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2005 and 2004 were as follows:

<u>Capital Assets</u> <u>Year Ended December 31, 2005</u> <u>(amounts expressed in thousands)</u>				
	December 31, 2004	Additions & Transfers	Sales & Retirements	December 31, 2005
<u>Capital assets not being depreciated:</u>				
Land and land rights	\$ 74,607	\$ 3,675	\$ -	\$ 78,282
Construction in progress	75,196	13,844	-	89,040
Total capital assets not being depreciated	<u>149,803</u>	<u>17,519</u>	<u>-</u>	<u>167,322</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	160,302	640	(74)	160,868
Improvements other than buildings	1,480,465	55,999	(5,086)	1,531,378
Machinery and equipment	141,092	7,719	(3,294)	145,517
Total capital assets being depreciated	<u>1,781,859</u>	<u>64,358</u>	<u>(8,454)</u>	<u>1,837,763</u>
Less accumulated depreciation:				
Buildings and improvements	(38,781)	(2,840)	21	(41,600)
Improvements other than buildings	(371,805)	(23,520)	2,194	(393,131)
Machinery and equipment	(36,546)	(7,206)	2,882	(40,870)
Total accumulated depreciation	<u>(447,132)</u>	<u>(33,566)</u>	<u>5,097</u>	<u>(475,601)</u>
Total capital assets being depreciated, net	<u>1,334,727</u>	<u>30,792</u>	<u>(3,357)</u>	<u>1,362,162</u>
Total capital assets, net	<u>\$ 1,484,530</u>	<u>\$ 48,311</u>	<u>\$ (3,357)</u>	<u>\$ 1,529,484</u>

<u>Capital Assets</u> <u>Year Ended December 31, 2004</u> <u>(amounts expressed in thousands)</u>				
	December 31, 2003	Additions & Transfers	Sales & Retirements	December 31, 2004
<u>Capital assets not being depreciated:</u>				
Land and land rights	\$ 74,105	\$ 525	\$ (23)	\$ 74,607
Construction in progress	226,875	(151,679)	-	75,196
Total capital assets not being depreciated	300,980	(151,154)	(23)	149,803
<u>Capital assets being depreciated:</u>				
Buildings and improvements	125,887	34,549	(134)	160,302
Improvements other than buildings	1,314,851	168,206	(2,592)	1,480,465
Machinery and equipment	129,787	20,068	(8,763)	141,092
Total capital assets being depreciated	1,570,525	222,823	(11,489)	1,781,859
Less accumulated depreciation:				
Buildings and improvements	(36,345)	(2,547)	111	(38,781)
Improvements other than buildings	(350,342)	(22,563)	1,100	(371,805)
Machinery and equipment	(34,903)	(7,376)	5,733	(36,546)
Total accumulated depreciation	(421,590)	(32,486)	6,944	(447,132)
Total capital assets being depreciated, net	1,148,935	190,337	(4,545)	1,334,727
Total capital assets, net	\$ 1,449,915	\$ 39,183	\$ (4,568)	\$ 1,484,530

Depreciation and amortization for the years ended December 31, 2005 and 2004 were as follows:

<u>Depreciation and Amortization</u> <u>(amounts expressed in thousands)</u>		
	Years Ended December 31,	
	2005	2004
Operating expenses, water service	\$ 31,232	\$ 30,268
Nonoperating expenses	137	137
Other, as allocated	2,213	2,097
Total depreciation and amortization	33,582	32,502
Less amortization of plant-related studies included in deferred charges	(16)	(16)
Total increase in accumulated depreciation of property, plant and equipment	\$ 33,566	\$ 32,486

(5) RISK MANAGEMENT

The Board is exposed to various risks of losses including general liability (limited under the Colorado Governmental Immunity Act to \$150,000 per person and \$600,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Board has a risk management program that includes self-insurance for liability, employee medical, long-term disability, dental, and vision. The Board carries commercial property insurance for catastrophic losses, including floods, fires, earthquakes and terrorism, for scheduled major facilities including the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, and the Recycling Plant. It carries limited insurance for other nonscheduled miscellaneous locations. The Board also carries commercial insurance for employee life, accident, short-term disability, and workers' compensation. Workers' compensation insurance is under a retrospectively rated policy whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Premiums on the retrospectively rated policy are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2005 and 2004, claims liabilities consisting of medical and dental benefits were \$1,347,000 and \$1,132,000, respectively. Changes in the balances of these liabilities during 2005 and 2004 were as follows:

<u>Claims Liabilities</u> <u>(amounts expressed in thousands)</u>					
	<u>Beginning- of-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year-End</u>	
2005	\$ 1,132	\$ 12,632	\$ (12,417)	\$ 1,347	
2004	\$ 1,007	\$ 11,140	\$ (11,015)	\$ 1,132	

Claims liabilities are reported in accrued payroll, vacation and other employee benefits on the statements of net assets.

(6) BONDS PAYABLE

General Obligation Bonds Payable

General obligation bonds payable consist of water improvement and refunding bonds of the City. The Board has committed to repay the general obligation bonds and related interest from its revenues. Coupon rates for the general obligation bonds outstanding at December 31, 2005, range from 2.25% to 6.0%. The weighted average yield at issue for outstanding bonds was 4.25% and 4.18% for the years ended December 31, 2005 and 2004, respectively.

A summary of debt maturity for the general obligation bonds as of December 31, 2005, is as follows:

<u>General Obligation Bonds</u> <u>As of December 31, 2005</u> <u>(amounts expressed in thousands)</u>			
<u>Year of Maturity:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current:	\$ 13,345	\$ 4,842	\$ 18,187
Long-term:			
2007	22,935	4,197	27,132
2008	19,230	3,059	22,289
2009	12,020	2,114	14,134
2010	3,630	1,632	5,262
2011-2015	12,530	5,733	18,263
2016-2020	3,440	3,919	7,359
2021-2025	1,660	3,348	5,008
2026-2029	11,550	2,584	14,134
	86,995	26,586	113,581
Plus premium	753	-	753
Less deferred amount on refunding	(269)	-	(269)
Total long-term	87,479	26,586	114,065
	<u>\$ 100,824</u>	<u>\$ 31,428</u>	<u>\$ 132,252</u>

The Board no longer has authority to issue general obligation bonds of the City, but previously issued bonds may remain outstanding. In 2004, the Board issued revenue bonds to refund a portion of the general obligation bonds then outstanding, as described below.

Revenue Bonds Payable

Revenue Bonds payable consists of water revenue improvement and refunding bonds of the Board. The Board has pledged to repay the bonds and related interest from its revenues, and to maintain adequate rates to ensure its ability to do so. Coupon rates for the revenue bonds outstanding at December 31, 2005, range from 2.50% to 5.50%. The weighted average yield at issue for outstanding bonds was 3.70% and 3.58% for the years ended December 31, 2005 and 2004, respectively.

A summary of debt maturity for the revenue bonds as of December 31, 2005, is as follows:

<u>Revenue Bonds</u> <u>As of December 31, 2005</u> <u>(amounts expressed in thousands)</u>			
<u>Year of Maturity:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Current:	\$ 8,250	\$ 8,773	\$ 17,023
Long-term:			
2007	2,760	8,513	11,273
2008	4,270	8,427	12,697
2009	12,345	8,233	20,578
2010	21,240	7,637	28,877
2011-2015	60,560	28,134	88,694
2016-2020	43,615	14,020	57,635
2021-2025	38,050	4,052	42,102
	182,840	79,016	261,856
Plus premium	9,148	-	9,148
Less deferred amount on refunding	(1,983)	-	(1,983)
Total long-term	190,005	79,016	269,021
	<u>\$ 198,255</u>	<u>\$ 87,789</u>	<u>\$ 286,044</u>

The Board issued the Series 2005 water revenue bonds in July, 2005 in an aggregate principal amount of \$30,000,000 at a true interest cost (TIC) at sale of 4.08%. The proceeds of these bonds were used to fund amounts advanced by the Board for acquisition, construction and installation of capital improvements in accordance with the Board's reimbursement resolution for capital improvement financing dated December 17, 2003. These proceeds were allocated to the costs related to construction of the recycled water distribution system; installation of automatic meter reading devices and large meter replacements; and improvements to Marston treatment plant, Gross reservoir dam, Eleven Mile reservoir dam and sediment traps for Cheesman reservoir.

In 2004, the Board issued the Series 2004 water revenue bonds in an aggregate principal amount of \$43,655,000 at a true interest cost (TIC) at sale of 3.61%. The proceeds of these bonds were in part an advanced refunding issue and in part a capital improvement issue. The proceeds were used as follows:

- 1) \$9,455,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2012, 2013, 2014 and 2015 maturities of the Series 2000 general obligation bonds callable on October 1, 2011. \$955,000 of these maturities remains outstanding.
- 2) \$9,960,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2008, 2009, 2010, 2011 and 2012 maturities of the Series 1997 general obligation bonds callable on October 1, 2007. \$1,940,000 of these maturities remains outstanding.
- 3) \$6,635,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2007, 2008, 2009, 2010 and 2011 maturities of the Series 1996 general obligation bonds callable on October 1, 2006. \$695,000 of these maturities remains outstanding.
- 4) \$5,455,000 in aggregate principal was placed in an irrevocable trust with an escrow agent for all future debt service payments on the October 1, 2010 maturities of the Series 1995 general obligation bonds callable on October

1, 2005. \$545,000 of these maturities remained outstanding. On October 1, 2005 the defeased bonds and the remaining outstanding bonds were called and extinguished.

5) The remaining proceeds were used to reimburse amounts advanced by the Board for acquisition, construction and installation of capital improvements in accordance with the Board's reimbursement resolution for capital improvement financing dated December 17, 2003. These proceeds were allocated to the costs related to construction of the first phase of a recycled water project.

As a result of using funds placed in the escrow account to purchase treasury securities sufficient to pay all future principal and interest payments and to call the bonds on their respective call dates, the bonds discussed above are considered to be defeased. The liability for those bonds has been removed from the Board's balance sheet at December 31, 2004. The aggregate principal amount of all bonds considered defeased at December 31, 2005 is \$26,050,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding") of \$2,102,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized as a component of interest expense through 2011. At December 31, 2005, the unamortized deferred amount on refunding deducted from bonds payable is \$269,000 for general obligation bond refundings and \$1,983,000 for revenue bond refundings.

The Board completed the Series 2004 current and advance refundings to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the old and new debt service payments). The reduction in total debt service requirements over the next eleven years is \$1,634,000 with an economic gain of \$1,502,000.

(7) CAPITAL LEASE - CERTIFICATES OF PARTICIPATION

The Board entered into a Master Lease Purchase Agreement ("MLPA") with Denver Capital Leasing Corporation ("DCLC"), a nonprofit corporation organized by the City, pursuant to which the Board leases from DCLC certain facilities. The Board constructed the facilities with proceeds from the execution and delivery of Certificates of Participation ("COPs"), evidencing assignments of proportionate interests in rights to receive certain revenue of the Board under its MLPA with DCLC. The COPs are payable solely from the Board's lease payments under the MLPA. DCLC has no obligation to make any payment on the COPs.

COPs were executed and delivered pursuant to a Mortgage and Indenture of Trust Agreement between a bank, acting as trustee ("Trustee"), and DCLC, pursuant to which DCLC assigned all of its rights, title, and interest under the MLPA to the Trustee. The MLPA is subject to termination on an annual basis by the Board, upon which any outstanding COPs will be payable solely from funds held by the Trustee and any amounts made available by the Trustee's sublease or sale of the leased assets under the MLPA.

COPs were issued in 1987, 1991, 1998 and 2001 to finance the construction of pretreatment facilities for the Marston Treatment Plant, improvements to the Moffat Treatment Plant, construction of the 64th Avenue Pump Station, and to advance refund previously issued COPs to take advantage of lower interest rates. As of December 31, 2005, only the 2001 and 1998 COPs remain outstanding with principal balances of \$30,950,000 (out of \$40,580,000) and \$18,805,000 (out of \$34,885,000), respectively.

The advance refunding of past COPs resulted in a difference between the reacquisition price and the net carrying amount of the old COPs ("deferred amount on refunding"). This difference, reported in the accompanying financial statements as a deduction from the COPs, is being amortized as a component of interest expense through November 2011, which is the shorter of the remaining life of the old COPs and the life of the new COPs. At December 31, 2005, the unamortized deferred amount on refunding deducted from the COPs is \$1,081,000.

The MLPA, as amended and restated, requires a reserve fund be established from proceeds of the COPs. The reserve fund is to be used in the event the Board fails to make payment of any base rental payments or other payments and fees defined in the MLPA. At December 31, 2005 and 2004, the reserve fund was \$6,039,000 and \$5,916,000, respectively, and is recorded in deferred charges. At the end of the lease term, upon satisfactory payment of all lease payments and other fees, the reserve fund and any related interest will be released to the Board.

Minimum capital lease payments were \$7,334,000 during both 2005 and 2004. The following is a schedule by year of future minimum lease payments, which match the COP debt service payments, together with the present value of the minimum lease payments as of December 31, 2005:

<u>Capital Lease - Certificates of Participation</u> <u>As of December 31, 2005</u> <u>(amounts expressed in thousands)</u>	
<u>Year Ending December 31:</u>	
2006	\$ 7,332
2007	7,345
2008	7,578
2009	7,599
2010	7,582
2011-2015	21,955
2016	2,210
Total minimum lease payments	61,601
Less interest	(11,846)
Present value of minimum lease payments	49,755
Plus premium	693
Less deferred amount on refunding	(1,081)
Obligation under capital lease	49,367
Less current portion	(5,005)
Total long-term	<u>\$ 44,362</u>

The COPs are also secured by collateral by certain assets purchased and/or constructed under the MLPA. Two locations are subject to the MLPA, the Marston Pretreatment Facility Site, consisting of three parcels of land, and the Moffat Treatment Plant Site, consisting of four parcels of land. Leased property at the two sites includes all property permanently affixed to the sites as well as those items of movable equipment, machinery and related personal property which are necessary to the performance of the functions performed at the facility at which they are located and which remain located there for 60 days or more. The Board may remodel, substitute, modify, add to or remove leased property at its expense, provided that the value of the leased property shall not be decreased as a result of such changes.

(8) CAPITAL LEASE – WOLFORD MOUNTAIN

On July 21, 1992, the Board entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to the Board at the end of the lease term

ownership, use and control of 40% of the storage capacity of Woford and 40% of the water right. The present value of the minimum lease payments at the beginning of the lease term, including a \$2.4 million nonrefundable deposit, was \$43 million, and the Board recorded an asset and obligation under capital lease of that amount in 1992. The project was completed in the fall of 1995. The asset is recorded in Utility Plant under Capital Lease and amortization of the asset is included in Depreciation and Amortization.

Minimum capital lease payments were \$3,000,000 during both 2005 and 2004. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2005:

<u>Capital Lease - Woford Mountain</u> <u>As of December 31, 2005</u> <u>(amounts expressed in thousands)</u>	
<u>Year Ending December 31:</u>	
2006	3,000
2007	3,000
2008	3,000
2009	3,000
2010	3,000
2011-2015	15,000
2016-2020	13,500
Total minimum lease payments	43,500
Less interest at 6.75%	(16,029)
Present value of minimum lease payments (obligation under capital lease)	27,471
Less current portion	(1,165)
	<u>\$ 26,306</u>

(9) CUSTOMER ADVANCES FOR CONSTRUCTION

South Adams County Water and Sanitation District ("SACWSD")

On December 16, 1997, the Board and SACWSD entered into a Memorandum of Understanding, and on November 30, 1998, entered into a final agreement, whereby the Board would have supplied 4,000 acre-feet of treated water annually to SACWSD beginning on or before January 15, 2004, for which SACWSD paid prepaid system development charges of \$22,920,000 in December 1997. The agreement was contingent upon SACWSD's acquiring, developing, and conveying to the Board storage facilities for 8,000 acre-feet of water along the South Platte River downstream of Denver, and improvements to the Board's 56th Avenue facilities. Because development of the storage projects will take longer than anticipated, the Board and SACWSD entered into a temporary potable water lease agreement whereby the Board will provide 2,000 acre-feet of water annually to SACWSD until the project is operational, which is estimated to be December 2007.

The Board initially recorded all payments from SACWSD in Customer Advances for Construction. Conveyances of \$9.0 million have been transferred since inception through December 31, 2005 from Customer Advances for Construction to Contributions in Aid of Construction for the storage facilities and improvements. Transfers are made as work is performed. When storage facilities for 8,000 acre-feet of water are completed and the Board begins

supplying water under the agreement, the initial payment of \$22,920,000 will be transferred to System Development Charges.

Xcel Energy ("Xcel")

In December 1997, the Board and Xcel entered into an agreement whereby the Board will supply up to 5,200 acre-feet of nonpotable reuse water annually from the Board's nonpotable recycling plant to Xcel's Cherokee generating plant beginning in February 2004, when the recycling plant was completed, for which Xcel paid prepaid system development charges of \$12,519,000 in January 1998. The Board initially recorded the 1998 payment in Customer Advances for Construction. The payment was transferred to System Development Charges in February 2004.

(10) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE

The Board operates a landfill at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates sludge drying ponds at Ralston Reservoir for treatment of residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. Both sites have been in operation since 1995. State and federal laws and regulations require the Board to perform certain closing functions on these disposal sites when they stop accepting waste, including placing a final cover on the Foothills landfill, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure.

Although these sites are not municipal solid waste landfills, and are outside the scope of GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs," ("GASB No. 18"), the Board voluntarily implemented the provisions of that statement in 2000 to meet state and federal financial assurance requirements discussed below. Prior years were not restated due to the immateriality of the amounts involved.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, the Board reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each statement of net assets date. The Board reports the entire liability for closure and postclosure care costs for the Ralston sludge drying ponds since they are not "filled" like a landfill, but are reusable.

Approximately \$2.3 million is reported as Waste Disposal Closure and Postclosure Care liability at December 31, 2005 and 2004 for the two sites as follows:

<u>Waste Disposal Closure and Postclosure Care Liability</u> (amounts expressed in thousands)			
	<u>Foothills</u>	<u>Ralston</u>	<u>Total</u>
<u>2005</u>			
Closure Costs	\$ 183	\$ 1,054	\$ 1,237
Postclosure Care Costs	290	791	1,081
	<u>\$ 473</u>	<u>\$ 1,845</u>	<u>\$ 2,318</u>
<u>2004</u>			
Closure Costs	\$ 177	\$ 1,020	\$ 1,197
Postclosure Care Costs	247	765	1,012
	<u>\$ 424</u>	<u>\$ 1,785</u>	<u>\$ 2,209</u>

These costs are based on the use of 20% of the active portion of the Foothills landfill and 100% of the Ralston drying beds. The Board will recognize the remaining estimated cost of the Foothills postclosure care of \$1,134,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and

postclosure care in 2005. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be approximately 50 years for the active disposal area of 61.7 acres. In addition, there is expansion capability of 62 acres with an indefinite life. The Ralston drying beds have an indefinite life.

The Board is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. The Board chose the "Local Government Financial Test" which includes profitability requirements, minimum general obligation bond ratings, unqualified audit opinions, and the implementation of GASB No. 18.

(11) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2005 and 2004 were as follows:

	<u>Long-Term Liabilities</u>				
	<u>Year Ended December 31, 2005</u>				
	<u>(amounts expressed in thousands)</u>				
	December 31, 2004 (Current and Long-Term)	2005		December 31, 2005 (Current and Long-Term)	Due Within One Year
		Additions	Reductions		
G. O. bonds payable, net	\$ 118,337	-	\$ (17,513)	\$ 100,824	\$ 13,345
Revenue bonds payable, net	171,879	30,742	(4,366)	198,255	8,250
Obligation under capital lease - Certificates of participation	54,099	-	(4,732)	49,367	5,005
Obligation under capital lease - Other	28,561	-	(1,090)	27,471	1,165
Customer advances for construction	31,288	3,576	(587)	34,277	-
Accrued sick leave	6,989	2,025	(2,222)	6,792	2,309
Waste disposal closure	2,209	109	-	2,318	-
	<u>413,362</u>	<u>\$ 36,452</u>	<u>\$ (30,510)</u>	<u>419,304</u>	<u>\$ 30,074</u>
Less current portion	(27,472)			(30,074)	
Total long-term liabilities	<u>\$ 385,890</u>			<u>\$ 389,230</u>	

<u>Long-Term Liabilities</u> <u>Year Ended December 31, 2004</u> <u>(amounts expressed in thousands)</u>					
	December 31, 2003 (Current and Long-Term)	2004		December 31, 2004 (Current and Long-Term)	Due Within One Year
		Additions	Reductions		
G. O. bonds payable, net	\$ 157,646		\$ (39,309)	\$ 118,337	\$ 16,490
Revenue bonds payable, net	133,606	45,655	(7,382)	171,879	3,275
Obligation under capital lease - Certificates of participation	58,645	-	(4,546)	54,099	4,800
Obligation under capital lease - Other	29,581	-	(1,020)	28,561	1,090
Customer advances for construction	42,940	5,014	(16,666)	31,288	-
Accrued sick leave	7,096	2,246	(2,353)	6,989	1,817
Waste disposal closure	2,166	43	-	2,209	-
	<u>431,680</u>	<u>\$ 52,958</u>	<u>\$ (71,276)</u>	<u>413,362</u>	<u>\$ 27,472</u>
Less current portion	<u>(21,380)</u>			<u>(27,472)</u>	
Total long-term liabilities	<u>\$ 410,300</u>			<u>\$ 385,890</u>	

(12) PENSION PLAN

Plan Description

The Board sponsors and administers a trustee, single-employer defined benefit pension plan, (the "Plan"). The Plan provides retirement benefits with limited annual cost-of-living adjustments to retired members and, if elected by the member, to his or her surviving spouse. Members of the Plan include substantially all regular and discretionary full-time and part-time employees of the Board. It also provides retirement benefits in the event of total and permanent disability, and a \$5,000 death benefit to retirees receiving annuity payments from the plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board; however, any amendment that substantially impairs the property rights of employees will not become effective until approved by two-thirds of the employees. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Manager of Treasury Operations, MC 210, Denver Water, 1600 West 12th Avenue, Denver, CO 80204-3412.

Funding Policy

The Board's funding policy is established and may be amended by the Board, which acts as trustee of the Plan. The Plan's funding policy provides for periodic Board contributions of actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. These required contributions may vary and are not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not required to make contributions, but may elect to make voluntary after-tax contributions to the Plan for the purpose of purchasing an additional monthly benefit. The additional benefit is in the form of an immediate monthly annuity with no cost-of-living adjustment. The Board intends to continue making annual contributions to the Plan based on current annual actuarial valuations, but reserves the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost

The Board's annual pension cost ("APC") for 2005 was approximately \$8,739,000, equal to the Board's required and actual contributions. The required contribution was determined as part of the January 1, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.5% to 11.5% per year, and (c) 4.0% per year cost-of-living adjustments. Salary increases include an inflation component of 4.0%. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts on a closed basis. The remaining amortization period at January 1, 2005 was 30 years.

Trend Information

Three-year trend information for the Board's pension cost and contributions is as follows:

<u>Annual Pension Cost and % of Required Contribution</u> <u>(amounts expressed in thousands)</u>			
<u>Year</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2003	\$7,833	100%	-
2004	\$9,006	100%	-
2005	\$8,739	100%	-

A Schedule of Funding Progress for the Plan is as follows (amounts expressed in thousands):

<u>Pension Funding Progress</u> <u>(amounts expressed in thousands)</u>						
<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>[(b-a)/c]</u>
1/1/03	\$189,791	\$224,080	\$34,289	84.7%	\$53,188	64.5%
1/1/04	\$191,817	\$237,094	\$45,277	80.9%	\$54,903	82.5%
1/1/05	\$205,448	\$246,023	\$40,575	83.5%	\$55,998	72.5%

(13) OTHER RETIREMENT PLANS

The Board sponsors the Denver Water Supplemental Retirement Savings Plan ("SRSP"). The SRSP is a 401(k) defined contribution plan. Article X, Section 10.1.6 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board. All regular and discretionary employees are eligible to participate in the plan. Under the terms of the plan, the Board will make a matching contribution to the SRSP's trust fund each year in an amount equal to 100% of each participant's elective contributions, limited to 3% of the participant's base salary for the year. During 2005 and 2004, the Board made contributions totaling approximately \$1,446,000 and \$1,432,000, and members contributed approximately \$3,036,000 and \$3,001,000, respectively, to the SRSP.

The Board makes a deferred compensation plan available for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular and discretionary employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination,

retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and the Board does not make any contributions.

(14) POSTRETIREMENT BENEFITS

In addition to the retirement program revisions instituted in 1995, the Board, under authority of the City Charter, established a postretirement health care benefit in the form of a \$125 fixed monthly subsidy for medical, dental, or vision insurance coverage obtained through the Board's self-funded health plan to all employees taking early retirement. The subsidy begins with the first pension payment and continues until the retiree reaches age 65. The subsidy is not written in the retirement plan or paid out of retirement plan funds and can only be used each month to offset part or all of that month's cost of insurance coverage. The Board also subsidizes a portion of the health care costs of early retirees under its self-insurance program. Currently, 117 retirees are eligible to receive this benefit. The total cost of the program, including claims paid on behalf of retired employees and their eligible dependents amounted to \$1,655,000 and \$1,625,000 in 2005 and 2004, respectively.

(15) CAPITAL CONTRIBUTIONS

Inception-to-date and current year proceeds from contributions in aid of construction ("CAC") and system development charges ("SDC") were as follows (amounts expressed in thousands):

	<u>Capital Contributions</u> <u>(amounts expressed in thousands)</u>	
	<u>CAC</u>	<u>SDC</u>
Inception through December 31, 2003	\$ 286,207	\$ 434,413
2004 Additions	<u>11,374</u>	<u>36,461</u>
Inception through December 31, 2004	297,581	470,874
2005 Additions	<u>14,072</u>	<u>26,119</u>
Inception through December 31, 2005	<u>\$ 311,653</u>	<u>\$ 496,993</u>

(16) CONTINGENCIES

In the normal course of business, there are various outstanding legal proceedings, claims, commitments, and contingent liabilities. In the opinion of management, the ultimate disposition of these matters will not have a materially adverse effect on the Board's financial condition.

(17) CONTRACT COMMITMENTS

Total contract commitments as of December 31, 2005 for construction and other purposes total of \$121.8 million, including the remaining construction of the recycling plant.

The recycled water project is a water supply project that will result in the treatment and delivery of up to 17,660 acre-feet of water suitable for industrial and outside irrigation uses. The first phase of the project included a 30

million gallon per day (“mgd”) treatment plant located at 56th Avenue and York Street, and distribution facilities to serve Xcel Energy and parks and schools located primarily in the north and central sections of Denver. Subsequent phases will include expansion of the treatment plant to 45 mgd and extension of the distribution facilities to Stapleton, Lowry, Rocky Mountain Arsenal, and other industrial and outside irrigation users in close proximity to the major pipelines. The total project is currently estimated to cost \$170 million, excluding indirect costs, and is scheduled for completion in 2013. The first phase, recorded in utility plant, was completed in February 2004 at a cost of \$111.5 million, including indirect costs. The cost of subsequent phases recorded in utility plant and construction in progress as of December 31, 2005 were \$18.1 million, including indirect costs.

The Board began investigating the deployment of a new customer information and billing system (“CIS”) in 2002 to enhance its customer service capabilities and create greater operational efficiencies. By consolidating customer-related information, the CIS will make it easier to track the history of a customer’s account, from the sale of the original tap to its most recent bill. This capability will serve as the backbone for a number of important information-driven initiatives, including monthly billing; expanded online, in-person, and voice-activated customer services; and personalized web pages that let customers interact with the Board online. The CIS will also support new and emerging rate designs, drastically reducing the programming necessary to implement them. It will also support a variety of mobile workforce automation projects. The total direct cost to deploy the CIS system is estimated to be approximately \$14 million. As of December 31, 2005, \$6.8 million was recorded in construction in progress for this project, including indirect costs.

SUPPLEMENTAL FINANCIAL INFORMATION

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005
(amounts expressed in thousands)

		Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31,
	Depreciation Life (Years)	Balance, December 31, 2004	Additions and Transfers	Sales and Retirements	Balance, December 31, 2005	Balance, December 31, 2004	Provision	Sales, Retirements and Transfers	Balance, December 31, 2005	2005
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	\$ 448,308	\$ 10,738	\$ (878)	\$ 458,168	\$ 117,721	\$ 5,287	\$ 380	\$ 123,388	\$ 334,780
Pumping plant	20 - 80	64,728	6,469	(985)	70,212	14,816	1,433	(930)	15,319	54,893
Water treatment plant	20 - 80	315,906	15,900	(325)	331,481	51,401	6,691	(50)	58,042	273,439
Transmission and distribution plant	30 - 80	696,718	31,018	(1,173)	726,563	160,725	9,472	(705)	169,492	557,071
General plant and equipment	5 - 50	100,246	7,000	(3,347)	103,899	54,504	5,312	(2,703)	57,113	46,786
Leasehold and other improvements	5 - 30	90,297	225	-	90,522	22,077	3,671	-	25,748	64,774
Land held for future use		14,050	-	-	14,050	-	-	-	-	14,050
Total utility plant in service		1,730,253	71,350	(6,708)	1,794,895	421,244	31,866	(4,008)	449,102	1,345,793
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	9,127	(178)	-	8,949	3,095	132	(150)	3,077	5,872
General equipment	10 - 20	69	-	-	69	44	5	-	49	20
Total nonutility plant in service		9,196	(178)	-	9,018	3,139	137	(150)	3,126	5,892
UTILITY PLANT UNDER CAPITAL LEASE:										
	80									
Certificates of Participation		74,036	(3,139)	(1,746)	69,151	17,643	1,004	(939)	17,708	51,443
Wolford Mountain		42,981	-	-	42,981	5,106	559	-	5,665	37,316
Total utility plant under capital lease		117,017	(3,139)	(1,746)	112,132	22,749	1,563	(939)	23,373	88,759
CONSTRUCTION IN PROGRESS										
		75,196	13,844	-	89,040	-	-	-	-	89,040
Total property, plant and equipment		\$ 1,931,662	\$ 81,877	\$ (8,454)	\$ 2,005,085	\$ 447,132	\$ 33,566	\$ (5,097)	\$ 475,601	\$ 1,529,484

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

GENERAL OBLIGATION AND REVENUE WATER IMPROVEMENT AND REFUNDING BONDS
OUTSTANDING AT DECEMBER 31, 2005

(amounts expressed in thousands)

Date of Issue	Interest				Bonds Which Are Callable	
	Rates on Bonds	Amount			Callable	Initial Date
	Outstanding as of December 31, 2005	Issued	Retired	Outstanding	Amount	Callable
General Obligation Bonds						
Sep 15, 1996	5.00-5.375%	\$ 16,975	\$ (15,035)	\$ 1,940	\$ 695	Oct 1, 2006
Aug 1, 1997	4.60-5.50%	19,530	(14,640)	4,890	1,940	Oct 1, 2007
Sep 15, 1999	5.50-6.00%	14,530	-	14,530	11,550	Oct 1, 2013
Sep 15, 2000	4.80-5.50%	12,700	(9,455)	3,245	955	Oct 1, 2011
Aug 15, 2001A	4.00-4.70%	11,215	(2,605)	8,610	4,310	Sep 1, 2011
Aug 15, 2001B	4.00-5.00%	75,170	(17,415)	57,755	-	Not callable
Oct 1, 2002	2.25-4.50%	11,610	(2,240)	9,370	5,970	Oct 1, 2012
		<u>\$161,730</u>	<u>\$ (61,390)</u>	100,340	<u>\$ 25,420</u>	
Plus premium				753		
Less deferred amount on refunding				(269)		
Total General Obligation Bonds				<u>\$ 100,824</u>		
Revenue Bonds						
May 15, 2003A	2.50-5.00%	\$ 50,000	\$ (200)	\$ 49,800	\$ 48,100	Jun 1, 2013
Sep 15, 2003B	2.50-5.00%	77,155	(9,060)	68,095	37,110	Jun 1, 2013
Nov 23, 2004	3.00-5.50%	43,655	(460)	43,195	7,585	Dec 1, 2014
Jul 12, 2005	3.25-5.25%	30,000	-	30,000	18,355	Dec 1, 2015
Total Revenue Bonds		<u>\$200,810</u>	<u>\$ (9,720)</u>	191,090	<u>\$111,150</u>	
Plus premium				9,148		
Less deferred amount on refunding				(1,983)		
Total General Revenue Bonds				<u>\$ 198,255</u>		

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS OUTSTANDING

AT DECEMBER 31, 2005

YEARS 2006 TO 2029 INCLUSIVE

(amounts expressed in thousands)

<u>Year</u>	<u>G.O. Bond Retirements (Exhibit II-C)</u>	<u>G.O. Bond Interest (Exhibit II-D)</u>	<u>Total Debt Service</u>
2006	\$ 13,345	\$ 4,842	\$ 18,187
2007	22,935	4,197	27,132
2008	19,230	3,059	22,289
2009	12,020	2,114	14,134
2010	3,630	1,632	5,262
2011	4,880	1,448	6,328
2012	2,070	1,202	3,272
2013	1,995	1,112	3,107
2014	1,735	1,023	2,758
2015	1,850	948	2,798
2016	1,540	867	2,407
2017	670	799	1,469
2018	525	772	1,297
2019	515	751	1,266
2020	190	730	920
2021	810	722	1,532
2022	850	685	1,535
2023	-	647	647
2024	-	647	647
2025	-	647	647
2026	-	646	646
2027	-	646	646
2028	-	646	646
2029	11,550	646	12,196
	100,340	31,428	131,768
Plus premium	753	-	753
Less deferred amount on refunding	(269)	-	(269)
	<u>\$ 100,824</u>	<u>\$ 31,428</u>	<u>\$ 132,252</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR GENERAL OBLIGATION BONDS OUTSTANDING AT DECEMBER 31, 2005
YEARS 2006 TO 2029 INCLUSIVE
(amounts expressed in thousands)

<u>Year</u>	<u>Series 1996 Refunding</u>	<u>Series 1997 Refunding</u>	<u>Series 1999 Refunding</u>	<u>Series 2000 Refunding</u>	<u>Series 2001A Refunding</u>	<u>Series 2001B Refunding</u>	<u>Series 2002 Refunding</u>	<u>Total</u>
2006	\$ 1,245	\$ 1,400	\$ -	\$ -	\$ 645	\$ 9,615	\$ 440	\$ 13,345
2007	120	1,550	-	-	670	20,145	450	22,935
2008	135	275	-	-	700	17,655	465	19,230
2009	140	325	-	-	730	10,340	485	12,020
2010	145	405	1,820	-	760	-	500	3,630
2011	155	460	660	2,290	795	-	520	4,880
2012	-	475	-	225	830	-	540	2,070
2013	-	-	500	230	700	-	565	1,995
2014	-	-	-	245	900	-	590	1,735
2015	-	-	-	255	980	-	615	1,850
2016	-	-	-	-	900	-	640	1,540
2017	-	-	-	-	-	-	670	670
2018	-	-	-	-	-	-	525	525
2019	-	-	-	-	-	-	515	515
2020	-	-	-	-	-	-	190	190
2021	-	-	-	-	-	-	810	810
2022	-	-	-	-	-	-	850	850
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	11,550	-	-	-	-	11,550
	<u>\$ 1,940</u>	<u>\$ 4,890</u>	<u>\$ 14,530</u>	<u>\$ 3,245</u>	<u>\$ 8,610</u>	<u>\$ 57,755</u>	<u>\$ 9,370</u>	<u>\$100,340</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR GENERAL OBLIGATION BONDS OUTSTANDING AT DECEMBER 31, 2005
YEARS 2006 TO 2029 INCLUSIVE
(amounts expressed in thousands)

<u>Year</u>	<u>Series 1996 Refunding</u>	<u>Series 1997 Refunding</u>	<u>Series 1999 Refunding</u>	<u>Series 2000 Refunding</u>	<u>Series 2001A Refunding</u>	<u>Series 2001B Refunding</u>	<u>Series 2002 Refunding</u>	<u>Total</u>
2006	\$ 99	\$ 248	\$ 820	\$ 173	\$ 369	\$ 2,784	\$ 349	\$ 4,842
2007	36	183	820	173	343	2,304	338	4,197
2008	31	98	820	173	316	1,296	325	3,059
2009	24	84	820	173	288	414	311	2,114
2010	16	68	820	173	259	-	296	1,632
2011	8	48	711	173	228	-	280	1,448
2012	-	24	674	47	195	-	262	1,202
2013	-	-	674	36	159	-	243	1,112
2014	-	-	647	25	128	-	223	1,023
2015	-	-	647	13	87	-	201	948
2016	-	-	647	-	42	-	178	867
2017	-	-	647	-	-	-	152	799
2018	-	-	647	-	-	-	125	772
2019	-	-	647	-	-	-	104	751
2020	-	-	647	-	-	-	83	730
2021	-	-	647	-	-	-	75	722
2022	-	-	647	-	-	-	38	685
2023	-	-	647	-	-	-	-	647
2024	-	-	647	-	-	-	-	647
2025	-	-	647	-	-	-	-	647
2026	-	-	646	-	-	-	-	646
2027	-	-	646	-	-	-	-	646
2028	-	-	646	-	-	-	-	646
2029	-	-	646	-	-	-	-	646
	<u>\$ 214</u>	<u>\$ 753</u>	<u>\$ 16,507</u>	<u>\$ 1,159</u>	<u>\$ 2,414</u>	<u>\$ 6,798</u>	<u>\$ 3,583</u>	<u>\$ 31,428</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF REVENUE BOND DEBT SERVICE REQUIREMENTS OUTSTANDING

AT DECEMBER 31, 2005

YEARS 2006 TO 2025 INCLUSIVE

(amounts expressed in thousands)

<u>Year</u>	<u>Rev. Bond Retirements (Exhibit II-C)</u>	<u>Rev. Bond Interest (Exhibit II-D)</u>	<u>Total Debt Service</u>
2006	\$ 8,250	\$ 8,773	\$ 17,023
2007	2,760	8,513	11,273
2008	4,270	8,427	12,697
2009	12,345	8,233	20,578
2010	21,240	7,637	28,877
2011	5,985	6,551	12,536
2012	12,410	6,257	18,667
2013	13,185	5,706	18,891
2014	14,165	5,144	19,309
2015	14,815	4,476	19,291
2016	16,135	3,772	19,907
2017	5,835	2,992	8,827
2018	6,265	2,709	8,974
2019	6,605	2,425	9,030
2020	8,775	2,122	10,897
2021	10,090	1,716	11,806
2022	10,590	1,256	11,846
2023	11,960	754	12,714
2024	3,145	230	3,375
2025	2,265	96	2,361
	<u>191,090</u>	<u>87,789</u>	<u>278,879</u>
Plus premium	9,148	-	9,148
Less deferred amount on refunding	<u>(1,983)</u>	<u>-</u>	<u>(1,983)</u>
	<u>\$ 198,255</u>	<u>\$ 87,789</u>	<u>\$ 286,044</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR REVENUE BONDS OUTSTANDING

AT DECEMBER 31, 2005

YEARS 2006 TO 2025 INCLUSIVE

(amounts expressed in thousands)

<u>Year</u>	<u>Series 2003A Improvement</u>	<u>Series 2003B Improv/Ref</u>	<u>Series 2004 Improv/Ref</u>	<u>Series 2005 Improvement</u>	<u>Total</u>
2006	\$ 100	\$ 6,680	\$ 485	\$ 985	\$ 8,250
2007	100	100	1,540	1,020	2,760
2008	100	100	3,015	1,055	4,270
2009	100	7,830	3,320	1,095	12,345
2010	100	10,725	9,285	1,130	21,240
2011	200	400	4,215	1,170	5,985
2012	1,000	5,150	5,045	1,215	12,410
2013	1,145	8,025	2,755	1,260	13,185
2014	1,540	8,400	2,900	1,325	14,165
2015	1,550	8,825	3,050	1,390	14,815
2016	2,110	11,860	705	1,460	16,135
2017	3,570	-	735	1,530	5,835
2018	3,885	-	770	1,610	6,265
2019	4,110	-	805	1,690	6,605
2020	6,160	-	840	1,775	8,775
2021	7,355	-	875	1,860	10,090
2022	7,720	-	915	1,955	10,590
2023	8,955	-	950	2,055	11,960
2024	-	-	990	2,155	3,145
2025	-	-	-	2,265	2,265
	<u>\$ 49,800</u>	<u>\$ 68,095</u>	<u>\$ 43,195</u>	<u>\$ 30,000</u>	<u>\$ 191,090</u>

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR REVENUE BONDS OUTSTANDING

AT DECEMBER 31, 2005

YEARS 2006 TO 2025 INCLUSIVE

(amounts expressed in thousands)

<u>Year</u>	<u>Series 2003A Improvement</u>	<u>Series 2003B Improv/Ref</u>	<u>Series 2004 Improv/Ref</u>	<u>Series 2005 Improvement</u>	<u>Total</u>
2006	\$ 2,261	\$ 3,132	\$ 2,146	\$ 1,234	\$ 8,773
2007	2,258	2,931	2,122	1,202	8,513
2008	2,254	2,929	2,075	1,169	8,427
2009	2,250	2,924	1,924	1,135	8,233
2010	2,247	2,533	1,758	1,099	7,637
2011	2,245	1,996	1,248	1,062	6,551
2012	2,238	1,982	1,016	1,021	6,257
2013	2,188	1,775	764	979	5,706
2014	2,131	1,454	626	933	5,144
2015	2,077	1,034	481	884	4,476
2016	2,023	593	328	828	3,772
2017	1,939	-	299	754	2,992
2018	1,769	-	266	674	2,709
2019	1,584	-	231	610	2,425
2020	1,389	-	195	538	2,122
2021	1,097	-	157	462	1,716
2022	747	-	121	388	1,256
2023	381	-	82	291	754
2024	-	-	42	188	230
2025	-	-	-	96	96
	<u>\$ 33,078</u>	<u>\$ 23,283</u>	<u>\$ 15,881</u>	<u>\$ 15,547</u>	<u>\$ 87,789</u>

STATISTICAL SECTION

This part of Denver Water's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Denver Water's overall financial health.

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These schedules offer demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

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Sources : Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year or internal Denver Water operating groups.

STATISTICAL SUMMARY: 1996 - 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Population Served ¹	1,115,000	1,104,000	1,081,000	1,076,000	1,052,000	1,036,000	1,012,000	996,000	980,000	966,000
Total Treated Water Consumption in Million Gallons	68,473.70	60,578.77	65,399.47	75,221.18	81,054.72	83,585.25	75,232.01	77,475.48	75,363.33	76,203.96
Average Daily Consumption in Million Gallons	187.60	165.52	179.18	206.09	222.07	228.38	206.12	212.26	206.47	208.21
Average Daily Consumption per Capita in Gallons	168	150	166	192	211	220	204	213	211	216
Maximum Daily Consumption in Million Gallons	424.80	340.92	370.05	419.20	488.71	478.19	475.66	512.53	517.57	456.99
Maximum Hour Treated Water Use Rate in MGD ²	725.27	567.52	775.23	788.09	716.86	751.47	676.26	763.87	712.48	736.53
Treated Water Pumped in Million Gallons	41,890.71	39,105.07	46,030.79	51,205.33	54,161.28	47,953.92	38,149.92	33,990.21	34,179.67	39,578.30
Raw Water Storage Capacity in Acre-Feet	561,883	561,883	561,883	561,883	561,883	545,476	545,476	545,476	545,476	545,476
Replacement Reservoir Storage Capacity in Acre-Feet	122,432	122,432	122,432	122,432	122,432	96,822	96,822	96,822	96,822	96,822
Supply from South Platte River in Acre-Feet ³	154,750	119,978	144,982	58,856	129,926	133,912	210,777	190,948	194,478	131,242
Supply from Blue River/Roberts Tunnel System in Acre-Feet	94,470	75,984	164,294	56,848	102,282	102,750	54,064	48,384	92,174	89,268
Supply from Moffat System in Acre-Feet	63,872	59,344	84,072	33,116	71,296	59,811	57,272	54,220	77,630	60,520
Treated Water Pumping Capacity in MGD ²	1,096.3	1,077.1	1,077.1	1,070.6	1,052.5	1,052.5	1,052.5	1,027.5	1,027.5	1,027.5
Raw Water Pumping Capacity in MGD ²	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment Plant Capacity in MGD ²	715.0	715.0	715.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0
Treated Water Reservoir Capacity in Million Gallons	368.65	376.65	376.65	406.45	378.45	378.75	378.75	371.75	400.5	408.2
Supply Mains in Miles (Mountain Collection System)	77.5	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Supply Mains in Miles (Metropolitan Denver Area)	40.7	40.7	40.7	40.7	40.7	40.7	40.7	39.2	39.2	39.2
T&D Mains in Miles (Inside Denver and Total Service Contract Distributors)	2,631	2,608	2,574	2,552	2,508	2,474	2,449	2,416	2,486	2,464
Nonpotable T&D Mains in Miles	31.3	31.3	23.5	17.6	17.3	17.3	16.4	15.6	15.6	14.7
Total Active Taps-End of Year ¹	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938	271,338	268,676
Fire Hydrants Operated & Maintained	15,459	14,956	14,648	14,380	14,173	13,991	13,681	13,136	13,575	13,298
Fire Hydrants Tested and Repaired	32,474	32,045	32,407	26,047	29,604	23,875	25,052	27,150	26,188	14,894
Breaks in Mains - Denver	242	219	231	287	261	243	195	166	251	200
Service Leaks	1,452	1,204	1,117	1,034	794	907	663	779	591	648
Additions to Capital Assets	\$ 81,877	\$ 71,669	\$164,363	\$128,479	\$104,721	\$ 87,493	\$ 65,806	\$ 73,095	\$ 47,664	\$ 33,178
Total Long-Term Debt ⁴	\$ 375,917	\$372,876	\$379,478	\$300,695	\$308,879	\$289,681	\$294,757	\$299,773	\$329,466	\$334,618

¹Population estimates based on treated water customers only. Beginning in 1996, population served and active taps exclude the City of Broomfield. Revised data through 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth.

²MGD = Million Gallons per Day.

³Supply includes effluent exchanges.

⁴Current and long-term portions of bonds payable and obligations under capital lease, net of discounts, premiums and deferred losses on advance refundings.

A - FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how Denver Water's financial performance and well-being have changed over time.

NET ASSETS BY COMPONENT: 1996 - 2005
(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
<u>NET ASSETS:</u>										
Invested in capital assets, net of related debt	1,153,567	1,111,654	1,070,437	\$ 1,018,946	\$ 911,326	\$ 855,187	\$ 788,216	\$ 743,145	\$ 664,287	\$ 633,878
Restricted for debt service reserve funds	7,723	7,002	9,325	6,904	6,917	5,692	5,685	41,237	28,878	6,109
Unrestricted	132,215	120,800	112,482	107,270	145,738	124,253	120,027	71,371	110,351	102,831
Total net assets	<u>\$ 1,293,505</u>	<u>\$ 1,239,456</u>	<u>\$ 1,192,244</u>	<u>\$ 1,133,120</u>	<u>\$ 1,063,981</u>	<u>\$ 985,132</u>	<u>\$ 913,928</u>	<u>\$ 855,753</u>	<u>\$ 803,516</u>	<u>\$ 742,818</u>

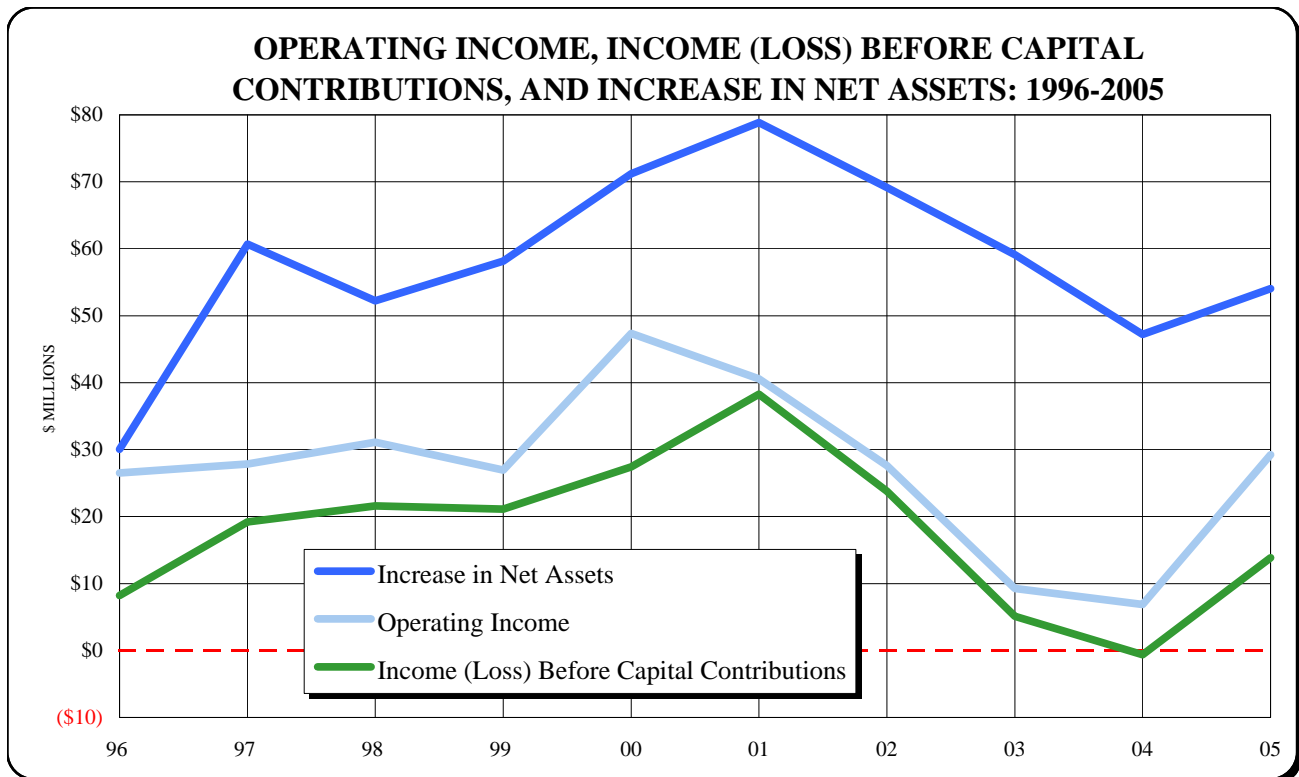
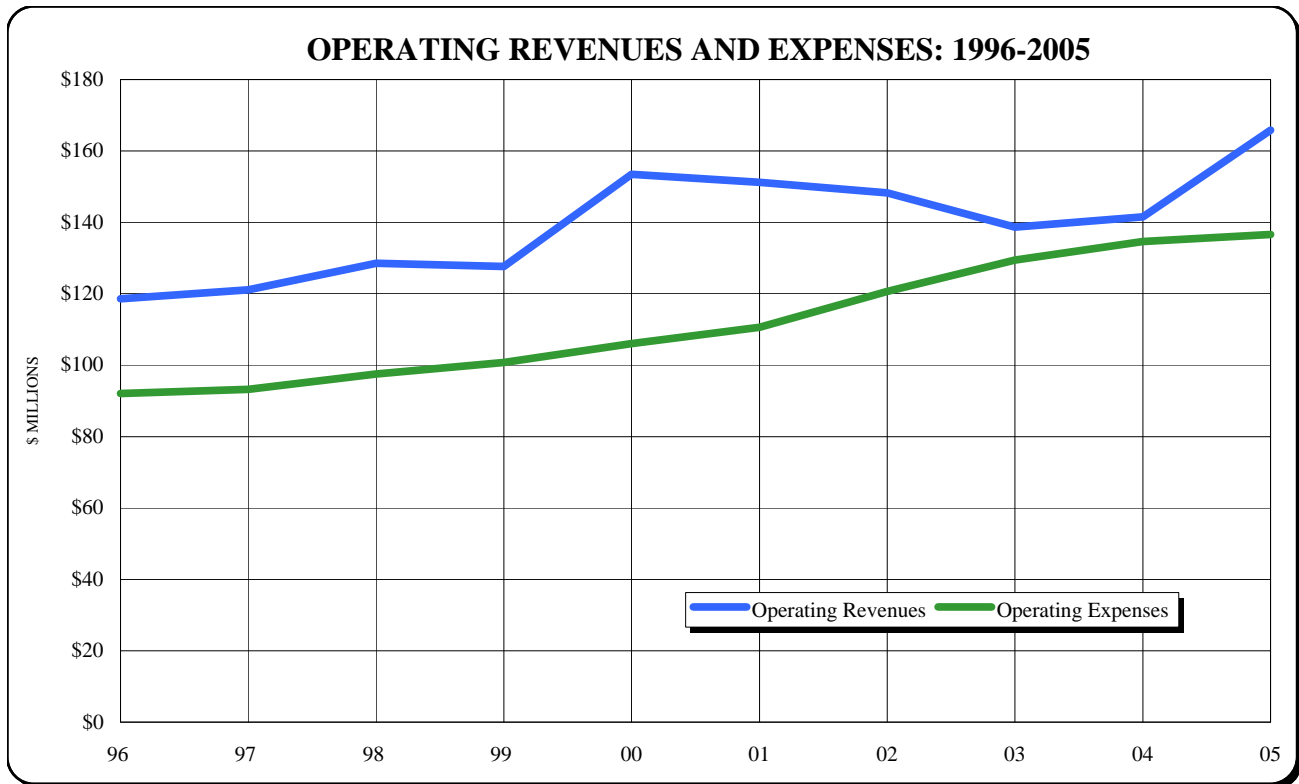
Note: Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when constraints placed on net asset use are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS: 1996 - 2005

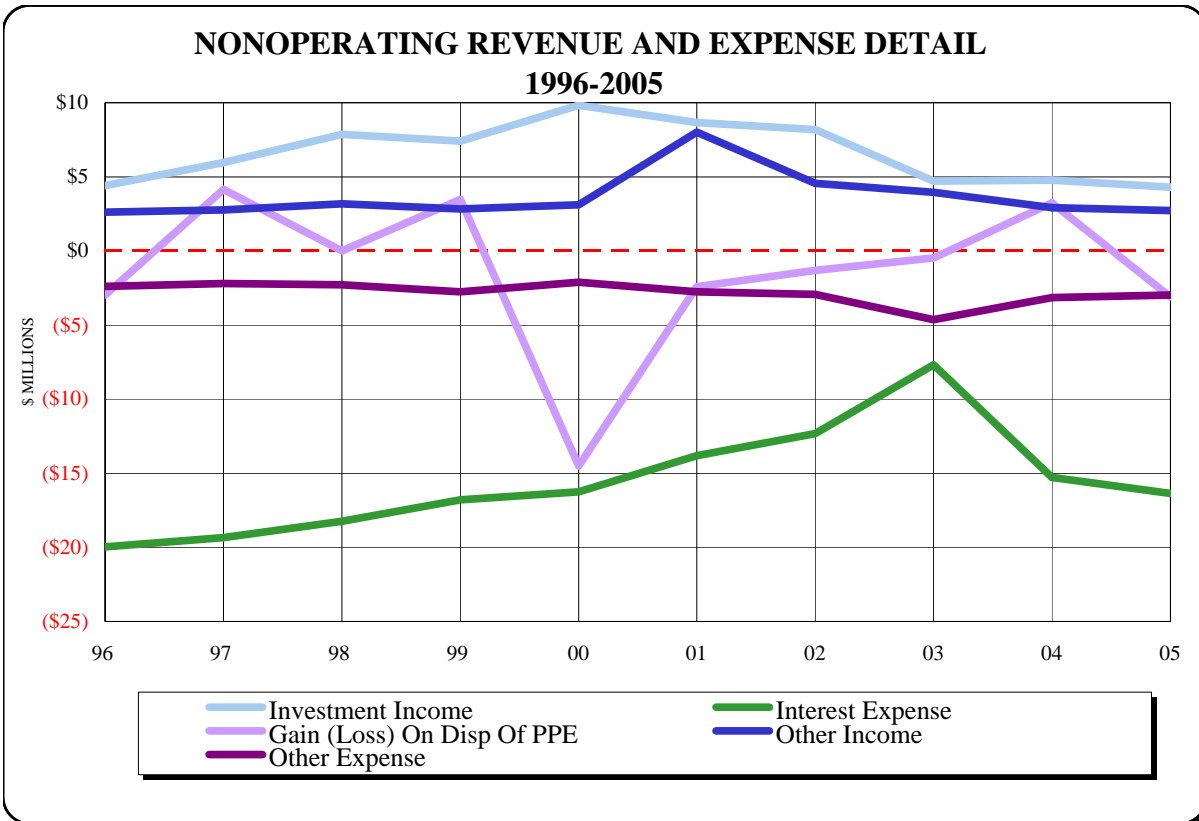
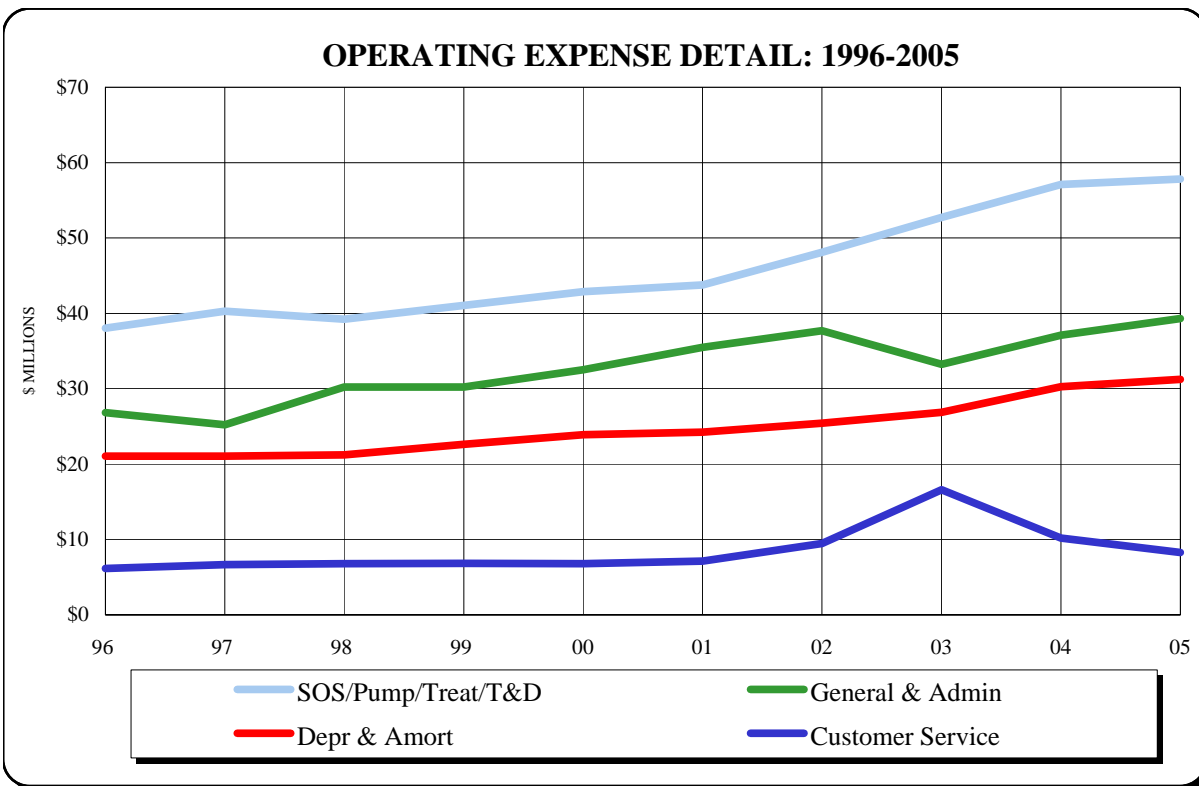
(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
OPERATING REVENUES:										
Water	\$ 158,454	\$ 136,138	\$ 133,475	\$ 142,887	\$ 145,565	\$ 148,919	\$ 123,608	\$ 124,810	\$ 116,884	\$ 114,635
Power generation and other	7,425	5,370	5,234	5,375	5,633	4,510	4,047	3,760	4,190	3,945
Total operating revenues	165,879	141,508	138,709	148,262	151,198	153,429	127,655	128,570	121,074	118,580
OPERATING EXPENSES:										
Source of supply, pumping, treatment and distribution	57,797	57,091	52,735	48,089	43,756	42,857	41,060	39,233	40,266	38,046
General and administrative	39,312	37,104	33,240	37,691	35,500	32,499	30,215	30,243	25,236	26,836
Customer service	8,290	10,174	16,601	9,459	7,115	6,798	6,817	6,802	6,653	6,143
Depreciation and amortization	31,232	30,268	26,889	25,431	24,247	23,912	22,627	21,211	21,047	21,047
Total operating expenses	136,631	134,637	129,465	120,670	110,618	106,066	100,719	97,489	93,202	92,072
OPERATING INCOME	29,248	6,871	9,244	27,592	40,580	47,363	26,936	31,081	27,872	26,508
NONOPERATING REVENUES (EXPENSES):										
Investment income	4,295	4,777	4,700	8,184	8,665	9,838	7,417	7,859	5,958	4,417
Interest expense, less capitalized interest	(16,353)	(15,283)	(7,684)	(12,315)	(13,811)	(16,249)	(16,800)	(18,241)	(19,350)	(19,979)
Gain (loss) on disposition of capital assets	(3,097)	3,237	(481)	(1,314)	(2,410)	(14,511)	3,479	13	4,158	(2,968)
Other income	2,734	2,927	3,949	4,565	8,003	3,117	2,841	3,184	2,762	2,607
Other expense	(2,969)	(3,152)	(4,641)	(2,938)	(2,770)	(2,122)	(2,756)	(2,285)	(2,202)	(2,392)
Total nonoperating expenses, net	(15,390)	(7,494)	(4,157)	(3,818)	(2,323)	(19,927)	(5,819)	(9,470)	(8,674)	(18,315)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	13,858	(623)	5,087	23,774	38,257	27,436	21,117	21,611	19,198	8,193
CAPITAL CONTRIBUTIONS:										
Contributions in aid of construction	14,072	11,374	33,469	9,690	18,172	18,511	12,837	10,985	15,015	6,740
System development charges	26,119	36,461	20,568	35,675	22,420	25,257	24,221	19,641	26,485	15,122
Total capital contributions	40,191	47,835	54,037	45,365	40,592	43,768	37,058	30,626	41,500	21,862
INCREASE IN NET ASSETS	54,049	47,212	59,124	69,139	78,849	71,204	58,175	52,237	60,698	30,055
NET ASSETS:										
Beginning of year	1,239,456	1,192,244	1,133,120	1,063,981	985,132	913,928	855,753	803,516	742,818	712,763
End of year	<u>\$ 1,293,505</u>	<u>\$ 1,239,456</u>	<u>\$ 1,192,244</u>	<u>\$ 1,133,120</u>	<u>\$ 1,063,981</u>	<u>\$ 985,132</u>	<u>\$ 913,928</u>	<u>\$ 855,753</u>	<u>\$ 803,516</u>	<u>\$ 742,818</u>

REVENUES AND EXPENSES - 10 YEAR GRAPHS: 1996 - 2005



DETAIL OF EXPENSES - 10 YEAR GRAPHS: 1996 - 2005



B - REVENUE CAPACITY INFORMATION

*These schedules contain information to help the reader assess
Denver Water's primary revenue sources.*

CUSTOMER SERVICE DATA: 1996 - 2005

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Active Taps: ¹										
Beginning of Year	301,565	299,157	295,841	286,051	282,985	278,374	274,938	271,338	268,676	265,820 ⁶
Activated During Year	3,099	2,736	3,510	10,053 ⁵	3,273	4,871	3,732	3,919	2,825	3,013
Discontinued During Year	(181)	(328)	(194)	(263)	(207)	(260)	(296)	(319)	(163)	(157)
Net Increase During Year	2,918	2,408	3,316	9,790	3,066	4,611	3,436	3,600	2,662	2,856
Total Active Taps - End of Year	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938	271,338	268,676
Active Taps ¹										
Inside City	155,778	154,170	152,783	150,607	149,054	147,590	145,585	143,740	142,341	141,727
City and County	1,206	1,084	1,076	1,065	1,071	1,058	1,055	1,019	1,018	1,020
Outside City - Read and Bill	35,558	35,043	34,694	34,425	36,955	36,760	36,114	35,379	34,638	33,791
Outside City - Total Service	35,793	35,639	35,502	35,209	31,974	31,442	30,965	30,575	29,892	29,425
Outside City - Master Meter	76,148	75,629	75,102	74,535	66,997	66,135	64,655	64,225	63,449	62,713
Total Active Taps - End of Year	304,483	301,565	299,157	295,841	286,051	282,985	278,374	274,938	271,338	268,676
Stub-Ins on System ²	1,926	2,887	3,023	2,553	2,992	2,389	3,086	3,483	1,895	2,422
Fire Hydrant Use Permits	488	472	473	830	456	680	1,132	1,185	999	918
AMR (Automatic Meter Reading) Installations	9,855	54,085	71,737	56,499	30,359	298	-	-	-	-
Turn-Offs Due to Delinquent Accounts	11,529	14,684	12,776	11,586	10,293	9,045	7,920	7,992	8,650	9,317
In-Home Water Audits	81	89	12	60	98	1,155	1,092	1,751	1,637	1,343
Call Center Calls ³	212,114	253,716	302,488	281,339	193,395	173,016	169,399	140,284	143,955	160,808
Water Quality Calls ⁴										
Taste and Odor	87	66	90	125	78	220	148	530	91	-
Clarity	90	221	166	15	75	75	189	278	197	-
Hardness	9	1		1	-	1	69	70	68	-
Other	24	22	14	135	80	9	485	644	1,361	-
New Taps Made	2,991	3,537	4,178	3,572	3,869	3,834	4,498	5,838	3,273	3,178

¹Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

²Stub-Ins are a connection made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and are not considered a tap.

³Call Center Calls include calls offered, plus calls handled through the Interactive Voice Response (IVR).

⁴Customer Service started taking Water Quality Calls in 1997. Information prior to 1997 is unavailable.

⁵Increase of 6,820 taps for Master Meter accounts within Willows Water District in 2002.

⁶Broomfield Taps (6,179), removed from Master Meter counts in 1996.

WATER SOLD IN DOLLARS BY TYPE OF CUSTOMER: 1996 - 2005
(NON-ACCRUAL BASIS)¹
(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
<u>SALES OF TREATED WATER</u>										
A. METERED GENERAL CUSTOMERS:										
Residential - Inside City	\$ 32,166,524	\$ 25,519,691	\$ 24,591,998	\$ 29,478,121	\$ 29,973,238	\$ 31,206,097	\$ 25,721,031	\$ 26,217,930	\$ 24,787,546	\$ 25,816,952
Outside City - Read and Bill	13,571,874	10,090,734	10,407,779	12,489,117	13,616,982	14,392,333	11,820,501	11,810,046	11,099,563	11,031,225
Outside City - Total Service	17,501,336	13,040,907	13,466,257	15,849,049	14,562,075	14,958,586	12,293,114	12,571,560	11,737,956	12,043,827
Small multi-family - Inside City	2,915,980	2,437,967	2,342,691	2,683,574	2,813,072	2,853,865	2,491,267	2,514,085	2,387,118	2,462,610
Outside City - Read and Bill	213,955	166,063	171,801	187,282	205,431	201,771	165,608	155,309	129,066	97,246
Outside City - Total Service	384,187	297,355	287,338	285,525	307,981	309,703	260,347	236,078	183,416	153,297
Commercial - Inside City	24,639,807	20,384,807	19,467,138	21,156,722	22,104,138	21,874,352	19,357,804	19,124,697	16,938,925	15,212,088
Outside City - Read and Bill	6,414,233	5,115,882	4,718,281	5,594,571	6,897,085	6,833,019	5,935,854	5,929,378	5,221,108	4,395,500
Outside City - Total Service	6,510,148	5,147,372	5,140,036	5,394,223	4,916,979	5,023,151	4,492,691	4,513,938	4,153,338	3,809,024
Industrial - Inside City	2,167,674	1,450,023	1,449,698	1,619,658	1,647,207	1,780,616	1,568,428	1,542,259	1,413,410	1,350,286
Outside City - Read and Bill	1,689,261	1,648,020	1,579,615	1,500,419	1,518,244	1,528,719	1,439,154	1,447,122	1,300,964	1,110,906
Outside City - Total Service	168,643	124,443	115,709	140,386	201,048	227,734	192,386	193,738	184,980	167,681
	<u>108,343,622</u>	<u>85,423,264</u>	<u>83,738,341</u>	<u>96,378,647</u>	<u>98,763,480</u>	<u>101,189,946</u>	<u>85,738,185</u>	<u>86,256,140</u>	<u>79,537,390</u>	<u>77,650,642</u>
B. PRIVATE FIRE PROTECTION SERVICE										
Sprinklers - Inside City	698,448	667,781	644,949	596,359	582,947	574,872	558,584	543,765	441,340	408,756
Outside City - Read and Bill	41,960	39,001	36,611	36,580	41,162	37,805	35,301	30,752	31,386	22,765
Outside City - Total Service	55,405	50,214	49,317	38,758	30,831	29,667	28,787	26,636	28,124	22,906
	<u>795,813</u>	<u>756,996</u>	<u>730,877</u>	<u>671,697</u>	<u>654,940</u>	<u>642,344</u>	<u>622,672</u>	<u>601,153</u>	<u>500,850</u>	<u>454,427</u>
C. OTHER SALES TO PUBLIC AUTHORITIES:										
City & County of Denver	2,937,308	2,253,901	2,208,368	2,820,502	3,698,215	3,770,708	2,992,239	2,918,542	3,048,469	3,634,796
Other County Agencies - Inside City	892,886	586,182	497,082	642,378	781,712	764,915	583,937	577,660	484,297	484,576
Outside City - Read and Bill	480,019	368,173	319,999	329,215	402,592	467,458	439,039	335,866	289,475	283,958
Outside City - Total Service	854,730	496,975	583,161	642,713	704,127	738,246	618,795	675,854	542,674	559,597
State Agencies - Inside City	414,814	344,114	351,249	347,615	298,329	476,313	295,397	287,694	246,687	229,565
Outside City - Read and Bill	21,691	5,512	5,230	6,904	8,347	7,758	8,114	6,782	6,189	6,469
Outside City - Total Service	3,598	3,094	3,039	3,649	14,026	15,730	11,724	18,061	10,473	11,112
Federal Agencies - Inside City	208,165	184,598	254,564	281,492	380,422	280,422	324,957	341,170	469,658	533,457
Outside City at Denver Rates	18,326	14,575	6,382	11,090	13,049	20,270	205,670	361,114	284,425	358,105
Outside City - Read and Bill	334,522	259,737	255,645	321,690	402,590	351,910	318,390	317,890	273,743	239,257
Outside City - Total Service	1,788	1,319	1,168	1,148	1,352	2,010	1,046	1,194	1,053	967
	<u>6,167,847</u>	<u>4,518,180</u>	<u>4,485,887</u>	<u>5,408,396</u>	<u>6,704,761</u>	<u>6,895,740</u>	<u>5,799,308</u>	<u>5,841,827</u>	<u>5,657,143</u>	<u>6,341,859</u>
D. SALES OF TREATED WATER FOR RESALE	<u>37,825,456</u>	<u>30,981,437</u>	<u>\$ 30,984,592</u>	<u>32,718,696</u>	<u>34,153,280</u>	<u>33,834,278</u>	<u>27,629,990</u>	<u>27,499,365</u>	<u>26,474,222</u>	<u>26,008,965</u>
E. HYDRANT & CONSTRUCTION WATER	<u>1,478,209</u>	<u>1,257,517</u>	<u>853,249</u>	<u>878,856</u>	<u>1,247,334</u>	<u>1,034,272</u>	<u>412,724</u>	<u>293,572</u>	<u>106,621</u>	<u>75,950</u>
TOTAL SALES OF TREATED WATER	<u>154,610,947</u>	<u>122,937,394</u>	<u>120,792,946</u>	<u>136,056,292</u>	<u>141,523,795</u>	<u>143,596,580</u>	<u>120,202,879</u>	<u>120,492,057</u>	<u>112,276,226</u>	<u>110,531,843</u>
<u>SALES OF NON-POTABLE WATER</u>										
	<u>5,458,866</u>	<u>4,366,827</u>	<u>6,150,187</u>	<u>5,921,473</u>	<u>4,086,844</u>	<u>5,455,999</u>	<u>3,711,640</u>	<u>4,138,073</u>	<u>3,528,883</u>	<u>3,369,130</u>
TOTAL SALES OF WATER	<u>\$160,069,813</u>	<u>\$ 127,304,221</u>	<u>\$ 126,943,133</u>	<u>\$ 141,977,765</u>	<u>\$ 145,610,639</u>	<u>\$ 149,052,579</u>	<u>\$ 123,914,519</u>	<u>\$ 124,630,130</u>	<u>\$ 115,805,105</u>	<u>\$ 113,900,973</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

TREATED WATER SOLD IN GALLONS BY TYPE OF CUSTOMER: 1996 - 2005
(amounts expressed in thousands of gallons)

SALES OF TREATED WATER		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
A. METERED GENERAL CUSTOMERS:											
Residential -	Inside City	13,900,011	12,142,332	12,768,789	15,773,236	16,576,648	17,809,379	15,280,539	15,674,077	15,322,525	16,750,291
	Outside City - Read and Bill	4,704,115	3,996,515	4,440,254	5,487,851	6,158,545	6,679,103	5,749,381	5,860,691	5,630,157	5,937,413
	Outside City - Total Service	4,990,298	4,269,146	4,696,076	5,650,228	5,329,661	5,646,381	4,872,749	4,970,225	4,720,130	5,178,211
Small multi-family-	Inside City	1,505,370	1,389,009	1,468,994	1,746,857	1,868,579	1,975,651	1,779,860	1,786,625	1,757,106	1,839,263
	Outside City - Read and Bill	90,030	77,006	84,231	94,439	103,207	102,519	89,718	83,663	68,336	56,224
	Outside City - Total Service	141,204	121,841	121,218	124,842	136,811	138,112	121,991	109,651	84,819	75,239
Commercial -	Inside City	13,607,253	12,397,505	12,721,738	13,949,046	15,123,479	15,538,516	14,531,575	14,379,087	14,179,274	14,062,171
	Outside City - Read and Bill	2,681,743	2,406,636	2,454,933	2,959,557	3,763,377	3,753,750	3,273,548	3,255,526	3,132,917	3,062,845
	Outside City - Total Service	2,504,610	2,235,938	2,318,860	2,440,232	2,289,032	2,325,892	2,092,742	2,097,077	2,045,377	2,134,337
Industrial -	Inside City	1,225,477	921,583	966,217	1,114,419	1,153,680	1,308,870	1,212,054	1,180,786	1,207,824	1,277,346
	Outside City - Read and Bill	761,029	809,455	837,590	824,185	852,249	868,757	819,550	803,817	793,002	787,511
	Outside City - Total Service	67,231	55,164	52,650	65,470	94,898	106,984	91,261	91,245	92,037	95,168
		46,178,371	40,822,130	42,931,550	50,230,362	53,450,166	56,253,914	49,914,968	50,292,470	49,033,504	51,256,019
B. PRIVATE FIRE PROTECTION SERVICE											
C. SALES TO PUBLIC AUTHORITIES:											
City & County of Denver		2,234,854	2,025,120	1,930,823	2,562,216	3,166,663	3,289,900	2,696,167	2,835,408	3,063,296	3,763,350
Other County Agencies -	Inside City	453,343	341,248	323,413	426,231	522,489	526,116	429,084	440,727	413,224	456,824
	Outside City - Read and Bill	202,617	174,332	169,059	175,282	220,074	256,872	244,537	185,692	175,589	200,433
	Outside City - Total Service	327,077	216,835	272,066	305,034	325,814	336,493	285,328	317,222	269,604	318,123
State Agencies -	Inside City	223,379	216,143	232,196	234,996	197,437	344,087	222,454	220,016	211,136	216,558
	Outside City - Read and Bill	8,717	2,538	2,728	3,591	4,527	4,261	4,467	3,751	3,755	4,567
	Outside City - Total Service	1,316	1,302	1,362	1,677	6,500	7,110	5,387	8,449	5,156	6,282
Federal Agencies -	Inside City	128,769	127,765	169,343	177,498	259,696	183,769	254,943	261,627	393,540	507,451
	Outside City at Denver Rates	8,527	8,575	11,955	6,842	9,234	14,400	165,596	277,551	242,505	340,763
	Outside City - Read and Bill	126,584	121,151	133,556	172,075	221,155	194,352	176,704	176,426	166,707	169,458
	Outside City - Total Service	452	489	516	517	616	933	475	528	480	516
		3,715,635	3,235,498	3,247,017	4,065,959	4,934,205	5,158,293	4,485,142	4,727,397	4,944,992	5,984,325
D. SALES OF TREATED WATER FOR RESALE		17,056,802	15,415,565	16,694,326	17,923,961	18,868,684	19,569,313	16,690,026	16,665,975	16,051,176	16,529,728
E. HYDRANT & CONSTRUCTION WATER		224,574	238,557	135,700	134,380	265,331	202,436	127,945	100,561	22,120	19,712
Temporary lease with Willows Water		-	-	-	-	-	-	-	142	28	66,636
TOTAL SALES OF TREATED WATER		67,175,382	59,711,750	63,008,593	72,354,662	77,518,386	81,183,956	71,218,081	71,786,545	70,051,820	73,856,420
Reconciliation of Water Treated, Delivered, Consumption, Sales and Unaccounted For Water:											
Total Water Treated (Production)--page III-76		68,500,800	60,577,670	65,382,520	75,334,070	81,093,250	83,416,510	75,326,830	77,472,160	75,336,220	74,949,620
(Increase) Decrease in Clear Water Storage--page III-76		(27,100)	1,100	16,950	(112,890)	(41,830)	168,740	(94,820)	(5,510)	27,110	1,254,340
Total Treated Water Delivered--page III-19		68,473,700	60,578,770	65,399,470	75,221,180	81,051,420	83,585,250	75,232,010	77,466,650	75,363,330	76,203,960
Water Purchased--page III-19		-	-	-	-	3,301	-	-	8,832	-	-
Total Treated Water Available (Consumption)--page III-19		68,473,700	60,578,770	65,399,470	75,221,180	81,054,721	83,585,250	75,232,010	77,475,482	75,363,330	76,203,960
Less Sales of Treated Water--page III-19		(67,175,382)	(59,711,750)	(63,008,593)	(72,354,662)	(77,518,386)	(81,183,956)	(71,218,081)	(71,786,545)	(70,051,820)	(73,856,420)
Less Load Shifted Water--page III-19		-	-	(635,451)	(260,567)	-	-	-	-	-	-
Unaccounted For Treated Water--page III-19		1,298,318	867,020	1,755,426	2,605,951	3,536,335	2,401,294	4,013,929	5,688,937	5,311,510	2,347,540

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2005
(NON-ACCRUAL BASIS)¹

(Page 1 of 2)

		<u>Revenue</u>	<u>Consumption (000 Gallons)</u>	<u>Average Number of Customers</u>	<u>Revenue Per 1,000 Gallons</u>
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Inside City	\$32,166,524	13,900,011	127,258	\$ 2.3141
	Outside City - Read and Bill	13,571,874	4,704,115	32,047	2.8851
	Outside City - Total Service	17,501,336	4,990,298	31,792	3.5071
Small multi-family-	Inside City	2,915,980	1,505,370	8,868	1.9371
	Outside City - Read and Bill	213,955	90,030	381	2.3765
	Outside City - Total Service	384,187	141,204	570	2.7208
Commercial -	Inside City	24,639,807	13,607,253	15,065	1.8108
	Outside City - Read and Bill	6,414,233	2,681,743	2,555	2.3918
	Outside City - Total Service	6,510,148	2,504,610	2,919	2.5993
Industrial -	Inside City	2,167,674	1,225,477	253	1.7688
	Outside City - Read and Bill	1,689,261	761,029	7	2.2197
	Outside City - Total Service	168,643	67,231	10	2.5084
		<u>108,343,622</u>	<u>46,178,371</u>	<u>221,725</u>	<u>2.3462</u>
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Inside City	698,448	- ²		
	Outside City - Read and Bill	41,960	- ²		
	Outside City - Total Service	<u>55,405</u>	<u>- ²</u>		
		<u>795,813</u>	<u>- ²</u>		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver		2,937,308	2,234,854	923	1.3143
Other County Agencies -	Inside City	892,886	453,343	182	1.9696
	Outside City - Read and Bill	480,019	202,617	69	2.3691
	Outside City - Total Service	854,730	327,077	177	2.6132
State Agencies -	Inside City	414,814	223,379	61	1.8570
	Outside City - Read and Bill	21,691	8,717	4	2.4884
	Outside City - Total Service	3,598	1,316	3	2.7340
Federal Agencies -	Inside City	208,165	128,769	22	1.6166
	Outside City - Read and Bill	18,326	8,527	1	2.1492
	Outside City - Total Service	334,522	126,584	3	2.6427
	Total Service	<u>1,788</u>	<u>452</u>	<u>2</u>	<u>3.9558</u>
		<u>\$ 6,167,847</u>	<u>3,715,635</u>	<u>1,447</u>	<u>\$ 1.6600</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

²Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2005
(NON-ACCRUAL BASIS)

(Page 2 of 2)

	Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. <u>SALES OF TREATED WATER (Continued)</u>				
D. SALES OF TREATED WATER FOR RESALE ³				
Outside City - Master Meter	\$ 32,270,338	\$ 14,544,666	\$ 76,148	\$ 2.2187
Outside the Combined Service Area	5,555,118	2,512,136	-	2.2113
	<u>\$ 37,825,456</u>	<u>\$ 17,056,802</u>	<u>\$ 76,148</u>	<u>2.2176</u>
E. HYDRANT & CONSTRUCTION WATER	1,478,209	224,574	-	6.5823
TOTAL SALES OF TREATED WATER ⁴	<u>154,610,947</u>	<u>67,175,380</u>	<u>299,320</u>	<u>2.3016</u>
II. <u>SALES OF NON-POTABLE WATER</u> ⁵				
Inside City	511,437	1,195,812	9	0.4277
Outside City	838,694	1,507,060	2	0.5565
Outside the Combined Service Area	4,108,735	7,677,330	22	0.5352
	<u>5,458,866</u>	<u>10,380,202</u>	<u>33</u>	<u>0.5259</u>
TOTAL SALES OF WATER	<u>160,069,813</u>	<u>77,555,582</u>	<u>299,386</u>	<u>\$ 2.0639</u>
III. <u>OTHER NON-POTABLE WATER DELIVERIES</u> ⁵		<u>1,695,840</u>		
TOTAL CONSUMPTION		<u>79,251,422</u>		
IV. <u>OTHER OPERATING REVENUE</u>				
A. POWER SALES REVENUE				
Foothills Treatment Plant	315,881			
Strontia Springs	391,703			
Dillon Dam	720,164			
Roberts Tunnel	861,212			
Hillcrest	377,487			
Williams Fork	276,407			
	<u>2,942,854</u>			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	1,725,538			
Conservation Penalties	18,290			
Field Collection Charges	687,867			
Turnoff - Turn on Charges	635,859			
Drought Surcharges	(58,253)			
Drought Surcharge Credits	(9,522)			
Water Storage Rental	-			
Other Assessments	(61,755)			
	<u>2,938,024</u>			
TOTAL OTHER OPERATING REVENUE	<u>5,880,878</u>			
TOTAL OPERATING REVENUE	<u>\$ 165,950,691</u>			

³See "Analysis of Sales of Treated Water for Resale."

⁴See "Analysis of Sales of Treated Water Between Denver and Outside City."

⁵See "Analysis of Sales of Non-Potable Water Between Denver and Outside City."

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2005
(NON-ACCRUAL BASIS)¹

(Page 1 of 2)

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
I. <u>INSIDE CITY</u>					
A. METERED GENERAL CUSTOMERS					
Residential	\$32,166,524	20.80%	13,900,011	20.69%	127,258
Small multi-family	2,915,980	1.89%	1,505,370	2.24%	8,868
Commercial	24,639,807	15.94%	13,607,253	20.26%	15,065
Industrial	2,167,674	1.40%	1,225,477	1.82%	253
	<u>61,889,985</u>	<u>40.03%</u>	<u>30,238,111</u>	<u>45.01%</u>	<u>151,444</u>
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	<u>698,448</u>	<u>0.45%</u>	<u>-</u>	²	
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver	2,937,308	1.90%	2,234,854	3.33%	923
Other County Agencies	892,886	0.58%	453,343	0.67%	182
State Agencies	414,814	0.27%	223,379	0.33%	61
Federal Agencies	208,165	0.13%	128,769	0.19%	22
	<u>4,453,173</u>	<u>2.88%</u>	<u>3,040,345</u>	<u>4.53%</u>	<u>1,188</u>
TOTAL SALES OF TREATED WATER - DENVER					
	<u>67,041,606</u>	<u>43.36%</u>	<u>33,278,454</u>	<u>49.54%</u>	<u>152,632</u>
Revenue per 1,000 Gallons - Denver			\$2.0146		
II. <u>OUTSIDE CITY</u>					
A. METERED GENERAL CUSTOMERS					
Residential - Read and Bill	13,571,874	8.78%	4,704,115	7.00%	32,047
Small multi-family - Read and Bill	213,955	0.14%	90,030	0.13%	381
Commercial - Read and Bill	6,414,233	4.15%	2,681,743	3.99%	2,555
Industrial - Read and Bill	1,689,261	1.09%	761,029	1.13%	7
Residential - Total Service	17,501,336	11.32%	4,990,298	7.43%	31,792
Small multi-family - Total Service	384,187	0.25%	141,204	0.21%	570
Commercial - Total Service	6,510,148	4.21%	2,504,610	3.73%	2,919
Industrial - Total Service	168,643	0.11%	67,231	0.10%	10
	<u>\$46,453,637</u>	<u>30.05%</u>	<u>15,940,260</u>	<u>23.73%</u>	<u>70,281</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The difference from amounts on an accrual basis is immaterial.

²Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2005
(NON-ACCRUAL BASIS)

(Page 2 of 2)

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
II. <u>OUTSIDE CITY (Continued)</u>					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	\$ 41,960	0.03%	-	²	
Sprinklers - Total Service	55,405	0.04%	-	²	
	97,365	0.06%	-	²	
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies	480,019	0.31%	202,617	0.30%	69
State Agencies	21,691	0.01%	8,717	0.01%	4
Federal Agencies	334,522	0.22%	126,584	0.19%	3
Federal Agencies at Denver Rates	18,326	0.01%	8,527	0.01%	1
County Agencies - Total Service	854,730	0.55%	327,077	0.49%	177
State Agencies - Total Service	3,598	0.00%	1,316	0.00%	3
Federal Agencies - Total Service	1,788	0.00%	452	0.00%	2
	1,714,674	1.11%	675,290	1.01%	259
D. SALES OF TREATED WATER FOR RESALE ³	37,825,456	24.46%	17,056,802	25.39%	76,148
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	86,091,132	55.68%	33,672,352	50.13%	146,688
Revenue per 1,000 Gallons - Outside City			\$2.5567		
III. HYDRANT & CONSTRUCTION WATER	1,478,209	0.96%	224,574	0.33%	-
TOTAL SALES OF TREATED WATER	\$ 154,610,947	100.00%	67,175,380	100.00%	299,320
Revenue per 1,000 Gallons - Total			\$2.3016		
<u>UNACCOUNTED FOR WATER</u>					
Total Treated Water Delivered			68,473,700		
Water Purchased			-		
Total Treated Water Available (Consumption)			68,473,700	100.00%	
Less Sales of Treated Water			(67,175,380)	(98.10)%	
Less Load Shifted Treated Water			-	-	
Unaccounted for ³			1,298,320	01.90%	

² Private fire protection consumption is unmetered and is considered a part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

³ See "Analysis of Sales of Treated Water For Resale."

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER - 2005¹

		Total Accounts (Active Taps) ²			Accounts with Active Billed Consumption	
		12-31-05	12-31-04	Increase (Decrease)	12-31-05	12-31-04
METERED GENERAL CUSTOMERS						
Residential -	Inside City	130,156	128,664	1,492	128,004	126,948
	Outside City - Read and Bill	32,453	32,012	441	32,339	31,920
	Outside City - Total Service	32,004	31,895	109	31,865	31,776
Small multi-family -	Inside City	9,061	8,966	95	8,923	8,840
	Outside City - Read and Bill	402	371	31	400	369
	Outside City - Total Service	584	558	26	582	557
Commercial -	Inside City	15,889	15,810	79	15,167	15,084
	Outside City - Read and Bill	2,613	2,570	43	2,580	2,537
	Outside City - Total Service	2,998	2,979	19	2,933	2,913
Industrial -	Inside City	315	262	53	287	232
	Outside City - Read and Bill	7	7	-	7	7
	Outside City - Total Service	10	10	-	10	10
TOTAL METERED GENERAL CUSTOMERS		226,492	224,104	2,388	223,097	221,193
PUBLIC AUTHORITIES						
City & County of Denver		1,262	1,254	8	1,099	1,089
Other County Agencies -	Inside City	188	185	3	184	179
	Outside City - Read and Bill	71	71	-	70	70
	Outside City - Total Service	188	188	-	177	177
State Agencies -	Inside City	64	64	-	61	61
	Outside City - Read and Bill	5	5	-	4	4
	Outside City - Total Service	7	7	-	3	3
Federal Agencies -	Inside City	49	49	-	27	26
	Outside City - Read and Bill	7	7	-	7	7
	Outside City - Total Service	2	2	-	2	2
TOTAL PUBLIC AUTHORITIES		1,843	1,832	11	1,634	1,618
RESALE ACCOUNTS (MASTER METER)³		76,148	75,629	519	76,148	75,629
TOTAL TREATED WATER CUSTOMERS		304,483	301,565	2,918	300,879	298,440

¹Represents number of metered services at year-end. For average number of customers billed during the calendar year, see "Operating Revenue and Related Water Consumption."

²Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

³See "Analysis of Sales of Treated Water for Resale."

ANALYSIS OF SALES OF TREATED WATER FOR RESALE - 2005
(NON-ACCRUAL BASIS)¹

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters²

		Consumption	Estimated
		(000 Gallons)	Number of
<u>OUTSIDE CITY - MASTER METER DISTRIBUTORS</u>	<u>Revenue</u>		<u>Taps³</u>
Alameda Water & Sanitation District	\$ 233,547	103,665	366
Bancroft-Clover Water & Sanitation District	3,493,677	1,573,304	8,531
Bonvue Water & Sanitation District	36,685	16,333	166
Bow-Mar Water & Sanitation District	205,605	90,723	284
Cherry Creek Valley Water & Sanitation District	1,775,484	797,073	1,799
Cherry Creek Village Water & Sanitation District	330,373	148,163	473
Consolidated Mutual Water Company	6,113,142	2,756,320	14,780
Crestview Water & Sanitation District	1,537,003	695,703	4,531
City of Edgewater	454,257	201,715	1,483
City of Glendale	664,770	299,917	272
Green Mountain Water & Sanitation District	3,926,899	1,777,276	10,048
High View Water District	343,067	154,814	880
Ken-Caryl Water & Sanitation District	1,718,969	764,022	3,645
Lakehurst Water & Sanitation District	2,032,481	908,507	5,441
City of Lakewood	545,277	245,602	881
Meadowbrook Water & Sanitation District	413,547	187,582	1,221
North Pecos Water & Sanitation District	321,377	142,704	402
North Washington Street Water & Sanitation District	1,970,961	910,655	3,617
Northgate Water District	12,935	5,196	2
South Adams County Water & Sanitation District	159,824	69,271	165
Valley Water District	1,137,573	514,823	1,732
Wheat Ridge Water District	1,985,157	893,362	5,603
Willowbrook Water & Sanitation District	1,009,728	455,591	2,963
Willows Water District	1,848,000	832,345	6,863
Total Outside City - Master Meter Distributors	<u>32,270,338</u>	<u>14,544,666</u>	<u>76,148</u>
<u>OUTSIDE THE COMBINED SERVICE AREA</u>			
City of Aurora	172,302	76,510	
City and County of Broomfield	2,964,743	1,344,234	
City of Thornton	703,211	317,980	
Chatfield South Water District	15,499	6,164	
Inverness Water District	124,068	55,269	
South Adams County Special Contract Area	1,575,295	711,979	
Total Outside the Combined Service Area	<u>5,555,118</u>	<u>2,512,136</u>	
Total Sales of Treated Water for Resale	<u>\$37,825,456</u>	<u>17,056,802</u>	<u>76,148</u>

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Net Assets. The difference from amounts on an accrual basis is immaterial.

²Sales on Outside City - Total Service and Outside City - Read and Bill Contracts are not included.

³Estimated number of taps served behind Master Meters is based on survey analysis.

WATER RATE SCHEDULES - 2005
(Effective for bills dated on or after Jan. 1, 2005)

(Page 1 of 4)

	Rate Per 1,000 Gallons		
	Schedule 1	Schedule 2	Schedule 3
	Potable Service Inside City	Potable Service Outside City Total Service	Potable Service Outside City Read and Bill
POTABLE WATER CONSUMPTION CHARGE (Bimonthly)			
<u>Residential Customers - Bimonthly Usage</u>			
First 22,000 Gallons	\$ 1.71	\$ 2.76	\$ 2.28
23,000 - 60,000 Gallons	2.05	3.31	2.74
Over 60,000 gallons	2.57	4.14	3.42
 <u>Small Multi-Family:</u>			
(Duplexes through five-plexes with a single meter)			
First 30,000 gallons ¹	1.52	2.25	1.98
Over 30,000 gallons	1.82	2.70	2.38
 <u>All Other Retail Customers:</u>			
Winter	1.53	2.14	2.00
Summer	1.84	2.57	2.40

SERVICE CHARGES FOR ALL CUSTOMERS

<u>Meter Size</u>	<u>Monthly</u>	<u>Bimonthly</u>
3/4 Inch	\$ 4.26	\$ 8.51
1 Inch	7.30	14.60
1 1/2 Inch	16.09	32.19
2 Inch	26.00	52.01
3 Inch	42.60	85.20
4 Inch	62.71	125.41
6 Inch	125.32	250.64
8 Inch	161.52	323.03
10 Inch	206.34	412.69
12 Inch and Above	291.77	583.53

PRIVATE FIRE PROTECTION SERVICE CHARGES (Bimonthly)	<u>Monthly</u>	<u>Bimonthly</u>
Fire Hydrants	\$ 13.71	\$ 27.43
Sprinkler Systems and Standpipes:		
1"	3.72	7.45
2"	6.21	12.42
4"	9.60	19.20
6"	13.71	27.43
8"	24.00	48.00
10"	34.28	68.57
12"	54.86	109.71
16"	137.14	274.28

Applicability

Schedule 1: All licensees with metered service having the right to take and use water inside the territorial limits of the City and County of Denver.

Schedule 2: All licensees outside the territorial limits of the City and County of Denver who receive water service from the Board of Water Commissioners under agreements whereby the Board operates and maintains all of the systems used to supply the licensee in a manner to provide complete and total service similar to that furnished inside Denver.

Schedule 3: All licensees outside the territorial limits of the City and County of Denver who receive water service from the Board of Water Commissioners under agreements whereby the licensee in some manner operates and maintains portions of the system used to supply the licensee and the Board is responsible for billing each licensee on an individual basis.

¹Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

WATER RATE SCHEDULES - 2005
(Effective for bills dated on or after Jan. 1, 2005)

(Page 2 of 4)

OUTSIDE CITY - MASTER METER - Schedule 4

Potable Consumption Charge - all consumption

Rate per 1,000 gallons

\$ 2.20

SERVICE CHARGES FOR ALL CUSTOMERS

Meter Size

3/4 Inch
1 Inch
1 1/2 Inch
2 Inch
3 Inch
4 Inch
6 Inch
8 Inch
10 Inch
12 Inch and Above

Monthly

\$ 4.26
7.30
16.09
26.00
42.60
62.71
125.32
161.52
206.34
291.77

Bimonthly

\$ 8.51
14.60
32.19
52.01
85.20
125.41
250.64
323.03
412.69
583.53

Applicability

Schedule 4: Municipalities, quasi-municipal districts and water companies outside the limits of the City and County of Denver served under agreements where the municipality, quasi-municipality and water companies operate and maintain water systems to supply individual licensees. The Board of Water Commissioners bills the Distributor for water delivered through "Master Meters." The Distributors establish the rates for its licensees.

NON POTABLE WATER SERVICE - Schedule 5

Recycled Consumption Charge per 1,000 gallons - all consumption

Recycled Water

<u>Denver</u>	<u>Outside City</u>
\$ 0.69	\$ 0.83

SERVICE CHARGES FOR ALL RECYCLED WATER CUSTOMERS

Meter Size

3/4 Inch
1 Inch
1 1/2 Inch
2 Inch
3 Inch
4 Inch
6 Inch
8 Inch
10 Inch
12 Inch and Above

Monthly

\$ 4.26
7.30
16.09
26.00
42.60
62.71
125.32
161.52
206.34
291.77

Bimonthly

\$ 8.51
14.60
32.19
52.01
85.20
125.41
250.64
323.03
412.69
583.53

Raw Water

<u>Denver</u>	<u>Outside City</u>
\$ 0.47	\$ 0.58
153.15	189.00

Raw Consumption Charge per 1,000 gallons - all consumption

Raw Consumption Charge per Acre Foot - all consumption

Service Charge - Not applicable for raw water service

WATER RATE SCHEDULES - 2005

(Page 3 of 4)

(Effective for bills dated on or after Jan. 1, 2005)

SYSTEM DEVELOPMENT CHARGES - Schedule 6

<u>Single Family Residential Taps</u> ²	<u>Treated Water Service</u>			
	<u>Denver</u>	<u>Outside City</u>		
Base charge per residence	\$ 1,650	\$ 2,300		
Charge per square foot of gross lot size	\$ 0.37	\$ 0.52		
<u>Multifamily Residential Taps</u> ³				
Base charge for duplex or first two household units (Served through a single tap)	\$ 6,200	\$ 8,700		
Charge for each additional household unit above two units (Served through a single tap)	\$ 1,350	\$ 1,900		
<u>All Other Taps</u> ⁴				
<u>Connection Size</u>	<u>Treated Water Service</u>		<u>Raw Water Service</u>	
	<u>Denver</u>	<u>Outside City</u>	<u>Denver</u>	<u>Outside City</u>
3/4"	\$ 4,600	\$ 6,450	\$ 2,900	\$ 4,050
1"	13,800	19,350	8,700	12,150
1-1/2"	27,600	38,700	23,200	32,400
2"	41,450	58,050	37,700	52,650
3"	101,200	141,900	63,800	89,100
4"	179,400	251,550	95,700	133,650
6"	308,200	432,150	197,200	275,400
8"	414,000	580,500	255,200	356,400
10"	524,400	735,300	327,700	457,650
12"	639,400	896,550	466,900	652,050
Acre Foot Conversion (\$/AF)	<u>Treated Water Service</u>		<u>Raw Water Service</u>	
	<u>Denver</u>	<u>Outside City</u>	<u>Denver</u>	<u>Outside City</u>
Inside Combined Service Area	\$ 10,050	\$ 14,050	\$ 6,285	\$ 8,800
Outside Combined Service Area		14,675		9,200

Applicability

Schedule 6: The System Development Charge applies to any applicant for a license to take water through the Denver system or a system deriving its supply from Denver. This charge is assessed upon application for a new tap and is due and payable prior to the issuance of a license to the customer.

²Licenses for single family residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

³Licenses for multifamily residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

⁴Licenses for all other taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

		<u>Potable Service</u>	
OUTSIDE CITY - MASTER METER MAINTENANCE - Schedule 7			
Potable Consumption Charge per 1,000 gallons - all consumption		\$	3.15
SERVICE CHARGES FOR ALL RECYCELD WATER CUSTOMERS			
<u>Meter Size</u>		<u>Monthly</u>	<u>Bimonthly</u>
3/4 Inch		\$ 4.26	\$ 8.51
1 Inch		7.30	14.60
1 1/2 Inch		16.09	32.19
2 Inch		26.00	52.01
3 Inch		42.60	85.20
4 Inch		62.71	125.41
6 Inch		125.32	250.64
8 Inch		161.52	323.03
10 Inch		206.34	412.69
12 Inch and Above		291.77	583.53

Applicability

Schedule 7: A variation of the standard Master Meter Contract, in which a Master Meter Distributor elects to continue customer billing and collection functions within its service area but contracts with Denver Water to operate, maintain and replace its water system. Denver Water will bill the Distributor though master meters at a special rate that reflects the cost of providing this level of service.

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
City of Denver - Schedule 1										
<u>Residential - Consumption Charge per 1,000 gallons</u>										
First 22,000 Gallons	\$1.71	\$1.63	\$1.58	\$1.53	\$1.48	\$1.43	\$1.36	\$1.36	\$1.30	\$1.25
Next 38,000 Gallons	2.05	1.96	1.90	1.84	1.78	1.72	1.63	-	-	-
Over 60,000 Gallons	2.57	2.45	2.37	2.30	2.22	2.15	2.09	-	-	-
<u>Small Multi-Family - Consumption Charge per 1,000 gallons</u> (Duplexes through five-plexes with a single meter)										
First 30,000 gallons ¹	1.52	1.44	1.39	1.34	1.31	1.26	1.21	1.21	1.16	1.15
Over 30,000 gallons	1.82	1.73	1.67	1.61	1.57	1.51	1.45	1.45	1.39	1.38
<u>All Other Retail - Consumption Charge per 1,000 gallons</u>										
Winter (starting 1999)	1.53	1.41	1.36	1.32	1.28	1.24	1.17	-	-	-
Summer (starting 1999)	1.84	1.69	1.63	1.58	1.54	1.49	1.40	-	-	-
All Consumption (through 1998)	-	-	-	-	-	-	-	1.30	1.16	1.05
<u>Meter Charge / Service Charge</u>										
Monthly 3/4" Meter Charge (starting 2005)	4.26	-	-	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge (starting 2005)	8.51	-	-	-	-	-	-	-	-	-
Monthly Service Charge (through 2004)	-	3.41	3.09	3.09	3.16	3.21	3.34	3.63	3.81	3.62
Bimonthly Service Charge (through 2004)	-	4.91	4.43	4.43	4.50	4.52	4.69	4.98	5.18	4.92
Outside City Total Service - Schedule 2										
<u>Residential - Consumption Charge per 1000 gallons</u>										
First 22,000 Gallons	2.76	2.54	2.41	2.33	2.26	2.19	2.11	2.17	2.13	1.56
Next 38,000 Gallons	3.31	3.05	2.89	2.80	2.71	2.63	2.54	-	-	-
Over 60,000 Gallons	4.14	3.81	3.62	3.50	3.39	3.29	3.09	-	-	-
<u>Small Multi-Family - Consumption Charge per 1000 gallons</u> (Duplexes through five-plexes with a single meter)										
First 30,000 gallons ¹	2.25	2.14	2.14	2.06	2.01	2.01	1.90	1.90	1.90	1.51
Over 30,000 gallons	2.70	2.57	2.57	2.47	2.41	2.41	2.28	2.28	2.28	1.81
<u>All Other Retail - Consumption Charge per 1000 gallons</u>										
Winter (starting 1999)	2.14	1.98	1.96	1.89	1.88	1.88	1.88	-	-	-
Summer (starting 1999)	2.57	2.38	2.35	2.27	2.26	2.26	2.26	-	-	-
All Consumption (through 1998)	-	-	-	-	-	-	-	2.12	2.00	1.41
<u>Meter Charge / Service Charge</u>										
Monthly 3/4" Meter Charge (starting 2005)	4.26	-	-	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge (starting 2005)	8.51	-	-	-	-	-	-	-	-	-
Monthly Service Charge (through 2004)	-	3.41	3.09	3.09	3.16	3.21	3.34	3.63	3.81	3.62
Bimonthly Service Charge (through 2004)	-	4.91	4.43	4.43	4.50	4.52	4.69	4.98	5.18	4.92

¹Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

(Continued next page)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Outside City Read and Bill - Schedule 3										
<u>Residential - Consumption Charge per 1000 gallons</u>										
First 22,000 Gallons	\$2.28	\$2.08	\$1.97	\$1.90	\$1.82	\$1.77	\$1.69	\$1.70	\$1.66	\$1.99
Next 38,000 Gallons	2.74	2.50	2.36	2.28	2.18	2.12	2.03	-	-	-
Over 60,000 Gallons	3.42	3.12	2.96	2.85	2.73	2.66	2.51	-	-	-
<u>Small Multi-Family - Consumption Charge per 1000 gallons</u> (Duplexes through five-plexes with a single meter)										
First 30,000 gallons ¹	1.98	1.89	1.83	1.77	1.77	1.76	1.63	1.63	1.61	1.82
Over 30,000 gallons	2.38	2.27	2.20	2.12	2.12	2.11	1.96	1.96	1.93	2.18
<u>All Other Retail - Consumption Charge per 1000 gallons</u>										
Winter (starting 1999)	2.00	1.84	1.70	1.65	1.61	1.59	1.59	-	-	-
Summer (starting 1999)	2.40	2.21	2.04	1.98	1.93	1.91	1.91	-	-	-
All Consumption (through 1998)	-	-	-	-	-	-	-	1.80	1.64	1.75
<u>Meter Charge/Service Charge</u>										
Monthly 3/4" Meter Charge (starting 2005)	4.26	-	-	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge (starting 2005)	8.51	-	-	-	-	-	-	-	-	-
Monthly Service Charge (through 2004)	-	3.41	3.09	3.09	3.16	3.21	3.34	3.63	3.81	3.62
Bimonthly Service Charge (through 2004)	-	4.91	4.43	4.43	4.50	4.52	4.69	4.98	5.18	4.92
Outside City Master Meter - Schedule 4										
Consumption Charge per 1000 gallons	2.20	2.00	1.89	1.83	1.81	1.74	1.66	1.65	1.65	1.57
<u>Meter Charge/Service Charge</u>										
Monthly 3/4" Meter Charge (starting 2005)	4.26	-	-	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge (starting 2005)	8.51	-	-	-	-	-	-	-	-	-
Non-Potable - Schedule 5										
Inside City Recycled Consumption Charge per 1000 gallons (starting 2004)	0.69	0.63	-	-	-	-	-	-	-	-
Outside City Recycled Consumption Charge per 1000 gallons (starting 2004)	0.83	0.79	-	-	-	-	-	-	-	-
<u>Recycled Service Meter Charge</u>										
Monthly 3/4" Meter Charge	4.26	-	-	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge	8.51	-	-	-	-	-	-	-	-	-
Inside City Raw Consumption Charge per 1000 gallons	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
Outside City Raw Consumption Charge per 1000 gallons	0.58	0.53	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49
Raw Service Meter Charge	-	-	-	-	-	-	-	-	-	-
Outside City Master Meter Maintenance - Schedule 7										
Consumption Charge per 1000 gallons (starting 2002)	3.15	2.77	2.56	2.47	-	-	-	-	-	-
<u>Meter Charge / Service Charge</u>										
Monthly 3/4" Meter Charge (starting 2005)	4.26	-	-	-	-	-	-	-	-	-
Bimonthly 3/4" Meter Charge (starting 2005)	8.51	-	-	-	-	-	-	-	-	-

¹Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling units.

ANALYSIS OF SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2005
(NON-ACCRUAL BASIS)¹

	Revenue		Consumption		Number of Customers ³	Revenue Per 1,000 Gallons
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total		
I. <u>DENVER</u>						
Raw Water	278,976	5.11%	758,016	7.30%	7	0.3680
Effluent Water	85,728	1.57%	185,910	1.79%	-	0.4611
Recycled	146,733	2.69%	251,886	2.43%	2	0.5825
	<u>511,437</u>	<u>9.37%</u>	<u>1,195,812</u>	<u>11.52%</u>	<u>9</u>	<u>0.4277</u>
II. <u>OUTSIDE CITY</u>						
Raw Water	30,309	0.56%	113,290	1.09%	2	0.2675
Effluent Water	-	-	-	-	-	-
Recycled	808,385	14.81%	1,393,770	13.43%	-	0.5800
	<u>838,694</u>	<u>15.36%</u>	<u>1,507,060</u>	<u>14.52%</u>	<u>2</u>	<u>0.5565</u>
III. <u>OUTSIDE COMBINED SERVICE AREA</u>						
Raw Water	837,099	15.33%	1,689,961	16.28%	18	0.4953
Effluent Water	81,652	1.50%	152,117	1.47%	-	0.5368
Recycled	-	-	-	-	-	-
Raw Water for Resale	3,186,012	58.36%	5,827,759	56.14%	3	0.5467
Minimum Payments ²	3,972	0.07%	7,493	0.07%	1	0.5301
	<u>4,108,735</u>	<u>75.27%</u>	<u>7,677,330</u>	<u>73.96%</u>	<u>22</u>	<u>0.5352</u>
TOTAL SALES OF NON-POTABLE WATER	<u>5,458,866</u>	<u>100.00%</u>	<u>10,380,202</u>	<u>100.00%</u>	<u>33</u>	<u>0.5259</u>
IV. <u>OTHER NON-POTABLE WATER DELIVERIES</u>						
City Ditch at Washington Park			613,944			
City of Englewood (Cabin-Meadow Exchange)			<u>1,081,896</u>			
			<u>1,695,840</u>			
TOTAL NON-POTABLE WATER DELIVERIES			<u>12,076,042</u>			

¹This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. The difference from amounts on an accrual basis is immaterial.

²Effective for 1997, non-potable sales have been identified as raw, effluent, and minimum contract payments. The minimum payment category reflects contract-stipulated payments in excess of the revenue recorded for actual deliveries of non-potable water. Prior to 1997, this revenue was reported as Special Assessments-Other on the "Operating Revenue and Related Water Consumption" schedule.

³If the customer is reflected in the count of raw water customers, it is excluded from the count of effluent and minimum contract payment customers.

25 LARGEST RETAIL CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2005
(NON-ACCRUAL BASIS)¹

<u>Account Type</u>	<u>Consumption (000 Gallons)</u>	<u>Water Revenue</u>
School System	450,714	\$ 905,442
Multi-location petroleum retailer	429,336	944,992
Public Utility	398,476	753,244
Housing Authority	369,948	720,778
Beverage Company	175,543	301,931
Retail Grocer	153,124	287,196
Federal Government	146,561	374,509
Manufacturer	139,470	313,579
Medical Center	130,938	252,889
School System	127,141	254,117
Homeowners Association	121,894	240,465
Homeowners Association	116,677	214,577
Public Utility	115,233	259,948
Medical Center	113,589	209,515
School System	108,571	261,824
Beverage Company	103,271	178,412
Manufacturer	100,365	166,201
Public Recreation Agency	98,511	249,569
Public Utility	84,851	148,338
Homeowners Association	82,737	141,439
Manufacturer	80,793	162,171
Homeowners Association	79,588	141,640
Homeowners Association	70,648	122,908
Homeowners Association	69,209	124,466
Public Recreation Agency	68,092	166,030
Total - 25 Largest Customers	<u>3,935,280</u>	<u>\$ 7,896,181</u>
Total Sales of Treated Water	<u>67,175,382</u>	<u>\$154,610,947</u>
Percent of 25 Largest Customers to Total Sales of Treated Water	<u>5.86%</u>	<u>5.11%</u>

¹This schedule represents actual billings made for water and private fire protection service during the year. The difference from amounts on an accrual basis is immaterial. In addition to the accounts listed, Denver Water provided 2,234,854 (000) gallons of treated water to the City and County of Denver. Revenues from these sales were \$2,955,410.55. Since revenue amounts on this schedule include private fire protection service, amounts for the City and County of Denver do not agree with Schedule III-16, Operating Revenue and Related Water Consumption, and Schedule III-18 Analysis of Sales of Treated Water Between Denver and Outside City.

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION RECEIPTS:
1973 - 2005

(Cash basis - net of refunds)

	System Development Charges	Participation Receipts
2005	\$ 26,256,752	\$ 1,849,613
2004	24,833,961	2,228,550
2003	19,614,948	2,831,285
2002	36,590,914	5,567,014
2001	22,186,342	7,026,906
2000	25,525,391	6,392,360
1999	24,223,691	11,963,951
1998	33,155,890	8,411,534
1997	45,058,104	3,732,524
1996	15,137,300	2,913,102
1995	15,527,600	3,927,400
1994	13,535,700	2,881,800
1993	12,181,800	1,343,600
1992	10,920,300	1,198,800
1991	7,530,400	2,330,700
1990	6,615,100	1,838,700
1989	6,251,400	4,965,200
1988	6,084,600	3,067,700
1987	8,544,400	4,561,300
1973-86	149,473,600	43,647,100
	<u>\$509,248,193</u>	<u>\$122,679,139</u>

C - DEBT CAPACITY INFORMATION

These schedules present information to help the reader assess the affordability of Denver Water's current levels of outstanding debt and its ability to issue additional debt in the future.

RATIOS OF TOTAL OUTSTANDING DEBT BY TYPE: 1996 - 2005

(amounts expressed in thousands, except debt per capita)

Year	Principal Balance Outstanding by Type ¹					Gross Revenues ²	Ratio of Total Debt to Gross Revenue ¹	Estimated Population Served ³	Debt Per Capita ¹
	General Obligation Bonds	Water Revenue Bonds	Capital Leases		Total				
			Certificates of Participation	Other					
1996	246,472	-	56,195	35,106	337,773	145,372	2.32	966,000	350
1997	243,205	-	54,025	34,465	331,695	168,479	1.97	980,000	338
1998	216,020	-	53,865	33,780	303,665	163,242	1.86	996,000	305
1999	213,795	-	51,115	33,048	297,958	173,466	1.72	1,012,000	294
2000	211,745	-	48,245	32,265	292,255	205,003	1.43	1,036,000	282
2001	208,140	-	67,885	31,429	307,454	203,298	1.51	1,052,000	292
2002	205,480	-	63,590	30,536	299,606	200,089	1.50	1,076,000	278
2003	156,345	127,155	59,160	29,581	372,241	174,727	2.13	1,081,000	344
2004	117,375	164,365	54,555	28,561	364,856	193,714	1.88	1,104,000	330
2005	100,340	191,090	49,755	27,471	368,656	200,240	1.84	1,115,000	331

¹Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt.

²Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

PLEDGED-REVENUE COVERAGE: 1996 - 2005

General Obligation Bonds, Water Revenue Bonds, and Obligations under Capital Lease¹
(amounts expressed in thousands)

Fiscal Year	Gross Revenues ²	Less Operating Expenses ³	Net Available Revenue	Total Debt Service ¹			Coverage ⁴
				Principal	Interest	Total	
1996	145,372	74,545	70,827	23,976	18,986	42,962	1.65
1997	168,479	72,489	95,990	25,608	18,686	44,294	2.17
1998	163,242	76,554	86,688	30,840	17,518	48,358	1.79
1999	173,466	78,817	94,649	20,237	16,433	36,670	2.58
2000	205,003	96,836	108,167	18,402	16,376	34,778	3.11
2001	203,298	89,475	113,823	15,841	15,367	31,208	3.65
2002	200,089	97,214	102,875	16,763	15,760	32,523	3.16
2003	174,727	102,288	72,439	17,345	16,333	33,678	2.15
2004	193,714	105,287	88,427	19,535	18,610	38,145	2.32
2005	200,240	109,115	91,125	25,655	18,285	43,940	2.07

¹Details regarding outstanding debt can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt. All bonded debt is secured by revenue. Debt retired with an optional call is not included in the annual principal amount.

²Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Operating Expenses are defined as operating expenses plus loss on disposition of capital assets plus other expense minus depreciation and amortization.

⁴All items computed as defined in bond covenants. Rate maintenance covenant is 1.10 times Net Revenue.

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING: 1996 - 2005
(amounts expressed in thousands, except debt per capita)

<u>Year</u>	<u>General Obligation Bonds¹</u>	<u>Gross Revenues²</u>	<u>Ratio of General Obligation Debt to Gross Revenue</u>	<u>Estimated Population Served³</u>	<u>General Obligation Debt per Capita</u>
1996	246,472	145,372	1.70	966,000	255
1997	243,205	168,479	1.44	980,000	248
1998	216,020	163,242	1.32	996,000	217
1999	213,795	173,466	1.23	1,012,000	211
2000	211,745	205,003	1.03	1,036,000	204
2001	208,140	203,298	1.02	1,052,000	198
2002	205,480	200,089	1.03	1,076,000	191
2003	156,345	174,727	0.89	1,081,000	145
2004	117,375	193,714	0.61	1,104,000	106
2005	100,340	200,240	0.50	1,115,000	90

¹Details regarding outstanding debt can be found in the notes to the financial statements.

²Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

RATIOS OF WATER REVENUE BONDED DEBT OUTSTANDING: 2003 - 2005
(amounts expressed in thousands, except debt per capita)

<u>Year</u>	<u>Water Revenue Bonds¹</u>	<u>Gross Revenues²</u>	<u>Ratio of Water Revenue Debt to Gross Revenue</u>	<u>Estimated Population Served³</u>	<u>Water Revenue Debt per Capita</u>
2003	127,155	174,727	0.73	1,081,000	118
2004	164,365	193,714	0.85	1,104,000	149
2005	191,090	200,240	0.95	1,115,000	171

¹Details regarding outstanding debt can be found in the notes to the financial statements.

²Gross Revenues are defined as operating revenues plus investment income plus gain on disposition of capital assets plus other income plus capital contributions minus noncash capital contributions.

³Population estimates are treated water customers only. See schedule entitled "Consumption of Treated Water."

D - DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which Denver Water's financial activities take place.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA – 2005

The following is selected information concerning the economic and demographic conditions in the City and County of Denver (“Denver” or the “City”) and the immediate vicinity. The statistics presented below have been obtained from the sources indicated and represent the most current information available from such sources. The statistics have not been adjusted to reflect economic trends, notably inflation.

Prior to 2004, Denver was the population center for a statistical area defined by the federal Office of Management and Budget (“OMB”) as the Denver Metropolitan Statistical Area (the “Denver MSA”) and comprising the counties of Adams, Arapahoe, Broomfield (formerly the City of Broomfield), Denver, Douglas and Jefferson. In June 2003, the OMB updated its statistical area definitions based on new standards and the results of the 2000 Census. The general concept of a metropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan statistical areas comprise one or more entire counties. Following this definitional change, the City is now within the newly-created Denver-Aurora Metropolitan Statistical Area (the “Denver-Aurora MSA”), comprising the former Denver MSA and the counties of Clear Creek, Elbert, Gilpin and Park. The following provides information for the area comprising the Denver-Aurora MSA unless otherwise stated.

Population

The following table sets forth population statistics for the City, the Denver-Aurora MSA and the State of Colorado (the “State”).

Population Estimates

<u>Year</u>	<u>Denver</u>	<u>Denver-Aurora MSA</u>	<u>State of Colorado</u>	<u>Denver Water Service Area</u>
1960	493,887	868,943	1,753,947	612,000
1970	514,678	1,118,563	2,209,596	768,000
1980	492,694	1,450,768	2,889,735	846,000
1990	467,610	1,666,883	3,294,473	891,000
2000	554,636	2,157,756	4,301,261	1,036,000
2001	560,365	2,247,319	4,446,928	1,052,000
2002	560,882	2,288,616	4,521,824	1,076,000
2003	566,173	2,323,494	4,586,761	1,081,000
2004	568,913	2,360,678	4,653,023	1,104,000
2005*	572,116	2,392,163	4,720,772	1,115,000

*Forecast as of November 2005

Source: Colorado Department of Local Affairs, Division of Local Government, Demographic Section

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA (Continued) – 2005

Income

The following table set forth median household effective buying income (“EBI”) for Denver, the Denver-Aurora MSA, the State, and the United States for the past seven years. EBI is defined as money income less personal tax and non-tax payments, resulting in a figure often referred to as “disposable” or “after-tax” income. EBI for 2002 through 2004 is computed as a derivative of household income, with the correspondence between before-tax and after-tax income based on a three-year combination of Current Population Survey data. Income and all income-related fields for 2000 and 2001 are benchmarked to the 1990 Census.

Median Household Effective Buying Income

<u>As of January 1</u>	<u>Denver</u>	<u>Denver- Aurora MSA</u>	<u>State of Colorado</u>	<u>United States</u>
1999	\$29,010	\$39,275	\$35,247	\$35,377
2000	30,572	41,581	37,335	37,234
2001	32,877	44,312	39,742	39,130
2002	42,540	49,109	44,050	38,365
2003	37,261	46,878	43,510	38,035
2004	37,383	47,275	43,544	38,201
2005	38,523	48,239	44,489	39,324

Source: Trade Dimensions International, Inc., *Demographics USA*[®] - County Edition, 2001-2005

The following table sets forth recent annual per capita personal income levels of the City, the Denver-Aurora MSA, the State and the United States.

Per Capita Personal Income in Current Dollars¹

<u>Year</u>	<u>Denver</u>	<u>Denver- Aurora MSA</u>	<u>State of Colorado</u>	<u>United States</u>
1996	\$29,573	\$28,616	\$25,570	24,176
1997	30,291	29,907	26,846	25,334
1998	33,005	32,221	28,784	26,880
1999	35,068	34,230	30,492	27,933
2000	39,152	37,847	33,371	29,847
2001	41,913	39,432	34,493	30,571
2002	42,212	38,923	34,027	30,813
2003	43,117	39,203	34,528	31,497
2004	Not available		36,113	33,046
2005	Not available		37,946	34,544

¹ The Denver and Denver-Aurora MSA figures are as of April 2005, and the Colorado and United States figures are as of March 2006.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA (Continued) – 2005

Employment

The following tables set forth the number of individuals employed within selected industries covered by unemployment insurance in the City and the Denver MSA for the period 1996 through 2004. Annual data for 2005 is not yet available.

Beginning in 2001, such data has been published only under the North American Industrial Classification System (“NAICS”) codes and is not directly comparable to prior year data, which was classified by the Standard Industrial Classification System (“SIC”) codes. A “D” in the tables indicates information that has been disclosure suppressed due to either (i) there being fewer than three reporting units for that industry or (ii) a single establishment accounts for at least 80% of an industry’s employment.

**Average Number of Employees Within Selected Industries in the Denver MSA
Subject to State Unemployment Laws - SIC Classifications**

<u>Industry</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Agriculture, Forestry and Fisheries	8,585	9,302	10,206	11,273	12,215
Mining	6,840	6,895	6,756	5,949	5,749
Construction	57,402	61,474	68,691	77,980	87,748
Manufacturing	89,631	92,675	93,005	90,413	90,485
Transportation, Communication and Public Utilities	81,492	82,947	89,288	97,023	99,095
Wholesale Trade	66,929	69,762	70,441	71,243	74,137
Retail Trade	181,408	186,866	190,165	198,268	204,633
Finance, Insurance and Real Estate	75,426	80,760	86,356	88,604	89,442
Services	289,520	308,276	322,162	335,349	351,896
Government	138,884	141,574	144,346	146,703	149,953
Nonclassifiable	62	58	47	25	21
Total	996,179	1,040,589	1,081,463	1,122,830	1,165,374

Source: Colorado Department of Labor and Employment

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA (Continued) – 2005

**Average Number of Employees Within Selected Industries in the Denver MSA
Subject to State Unemployment Laws - NAICS Classifications**

<u>Industry</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Agriculture, Forestry, Fishing, Hunting	2,151	2,024	1,855	1,715
Mining	5,261	5,127	4,977	5,141
Utilities	3,752	3,758	3,588	3,627
Construction	90,603	86,775	79,659	79,282
Manufacturing	78,108	74,956	70,821	71,684
Wholesale Trade	68,124	65,068	62,673	61,982
Retail Trade	120,285	122,675	120,298	120,474
Transportation and Warehousing	46,787	44,090	43,112	43,674
Information	67,300	60,094	54,470	51,314
Finance and Insurance	69,011	68,357	69,124	69,498
Real Estate, Rental and Leasing	26,037	25,830	26,095	26,167
Professional and Technical Services	89,819	86,505	83,527	85,268
Management of Companies and Enterprises	12,998	14,889	16,167	17,652
Administrative and Waste Services	85,584	79,912	77,318	79,613
Educational Services	13,540	13,976	14,320	15,007
Health Care and Social Assistance	91,730	94,987	97,297	99,445
Arts, Entertainment and Recreation	14,672	15,014	15,006	16,325
Accommodation and Food Services	92,467	94,076	93,785	95,880
Other Services	35,558	36,027	35,276	35,324
Nonclassifiable	27	23	23	59
Government	153,826	160,443	160,755	159,994
Total	1,167,640	1,154,606	1,130,147	1,139,124

Source: Colorado Department of Labor and Employment

The following table sets forth recent total labor force and unemployment statistics for Denver, the Denver-Aurora MSA and the State.

Civilian Labor Force Averages
(labor force expressed thousands and not seasonally adjusted)¹

<u>Year</u>	<u>Denver</u>				<u>Denver-Aurora MSA</u>				<u>State of Colorado</u>		
	<u>Labor Force</u>	<u>Percent Change</u>	<u>Percent Unemployed</u>		<u>Labor Force</u>	<u>Percent Change</u>	<u>Percent Unemployed</u>		<u>Labor Force</u>	<u>Percent Change</u>	<u>Percent Unemployed</u>
2000	298.8	--	2.8%		1,235.9	--	2.2%		2,359.3	--	2.6%
2001	290.4	(2.8)%	4.7		1,247.8	1.0%	3.7		2,394.9	1.5%	3.9
2002	294.2	1.3	7.2		1,263.5	1.3	6.0		2,443.3	2.0	5.9
2003	303.1	3.0	7.6		1,287.8	1.9	6.4		2,479.8	1.5	6.2
2004	308.9	1.9	6.7		1,313.2	2.0	5.6		2,522.2	1.7	5.5

¹ Data as of April 8, 2005.

Source: U. S. Department of Labor, Bureau of Labor Statistics

Set forth in the following table are major private sector (non-tax supported) employers in the Denver metropolitan area. No independent investigation has been made of and no representation is made herein as to the financial condition of the employers listed below or the likelihood that such

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA (Continued) – 2005

employers will maintain their status as major employers in the area. It is possible that there are other large employers in the area that are not included in the table.

20 Largest Private Sector Employers in the Denver Metropolitan Area (May 2005)

<u>Company</u>	<u>Business</u>	<u>Employment</u>
Qwest Communications International	Telecommunications	13,200
King Soopers Inc.	Grocery retail	7,800
Lockheed Martin	Aerospace	7,700
Wal-Mart Stores, Inc.	General merchandise retail	7,100
United Airlines	Airline	7,000
HCA-HealthONE, LLC	Health care services	6,800
IBM	Data processing	6,100
Safeway, Inc.	Grocery retail	6,000
University of Denver	Education	5,700
Exempla Healthcare	Health care	5,100
EchoStar Communications Corp.	Satellite television	5,000
Centura Health	Health care	5,000
Kaiser Permanente	Health care	4,100
Ball Corporation	Aerospace, containers	3,800
University of Colorado Hospital	Health care services	3,800
Frontier Airlines	Airline	3,600
Coors Brewing Co.	Beverage manufacturer	3,500
Denver Health and Hospital Authority	Health care	3,500
Wells Fargo Bank West, N.A.	Financial services	3,500
Great-West Life & Annuity Insurance Co.	Insurance	3,400

Source: Metro Denver Economic Development Corporation; compiled from various business lists by Development Research Partners

Construction

Set forth in the following tables are recent building permit statistics for new structures in the City and the Denver MSA.

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA (Continued) – 2005

Building Permit Activity in Denver - New Structures

<u>Year</u>	<u>Residential</u> ¹		<u>Other</u>	
	<u>Permits</u> ²	<u>Value (000's)</u>	<u>Permits</u>	<u>Value (000's)</u>
1999	2,245	\$312,171	985	\$126,571
2000	1,794	332,601	1,146	183,287
2001	1,474	364,732	926	166,556
2002	2,049	401,106	1,374	175,390
2003	1,846	358,601	1,371	111,833
2004	1,831	414,728	1,088	93,089
2005	2,228	539,584	1,481	195,536

¹ Includes single family and two family dwellings, apartment buildings, hotels and motels.

² Number of permits issued, which is not equivalent to the number of units.

Source: City of Denver Building Department

Building Permit Activity in the Denver MSA
(values in millions and rounded)

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Industrial</u>		<u>Public/Nonprofit</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
1999	18,529	\$2,679.7	1,234	\$916.6	68	\$51.1	30	\$29.3
2000	16,669	2,717.0	1,032	840.0	55	27.8	42	102.8
2001	15,619	2,678.8	898	1,058.3	140	85.6	44	91.8
2002	15,451	2,701.3	886	562.7	176	144.1	111	91.0
2003	15,255	2,252.0	534	415.1	108	71.8	48	53.0
2004	16,687	3,608.4	655	569.9	137	81.5	45	75.7

Source: Metro Denver Economic Development Corporation

New Residential Units in Denver and the Denver MSA

<u>Year</u>	<u>Denver</u>					<u>Denver MSA</u>			
	<u>Single Family</u>	<u>Two Family</u>	<u>Multi-Family</u>	<u>Total Units</u>		<u>Single Family</u>	<u>Two Family</u>	<u>Multi-Family</u>	<u>Total Units</u>
1999	2,171	49	250	2,470		18,080	157	4,563	22,800
2000	1,544	255	1,053	2,852		14,074	2,691	8,996	25,761
2001	1,106	1,148	1,810	4,064		12,896	4,066	8,405	25,367
2002	1,475	1,244	1,336	4,055		12,549	4,022	4,085	20,656
2003	1,482	1,035	987	3,504		11,369	3,149	1,832	16,350
2004	1,419	1,087	1,174	3,680		12,736	4,315	2,319	19,370
2005	1,842	735	140	2,717		15,168	4,257	459	19,884

Source: Home Builders Association of Metropolitan Denver

DEMOGRAPHIC AND ECONOMIC OVERVIEW OF THE DENVER METROPOLITAN AREA (Continued) – 2005

Foreclosure Activity

The following table sets forth recent foreclosures filed in the Denver-Aurora MSA.

Foreclosures Filed in the Denver-Aurora MSA

<u>County</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Adams	799	1,313	1,899	2,499	3,281
Arapahoe	1,000	1,575	2,250	3,125	3,600
Broomfield ¹	3	73	110	132	124
Clear Creek	41	44	59	59	58
Denver	1,134	1,752	2,500	3,351	3,713
Douglas	270	415	652	800	912
Elbert	72	124	151	126	145
Gilpin	32	31	35	52	35
Jefferson	731	1,130	1,532	1,880	2,120
Park	92	147	139	155	200
Totals	<u>4,174</u>	<u>6,604</u>	<u>9,327</u>	<u>12,179</u>	<u>14,188</u>
Annual change	--	58.2%	41.2%	30.6%	16.5%

¹The City of Broomfield became the City and County of Broomfield effective in the fall of 2001. The former City of Broomfield encompassed portions of the counties of Adams, Boulder, Jefferson and Weld.

Source: County Public Trustees= Offices

E - OPERATING INFORMATION

These schedules contain information about Denver Water's operations and resources to help the reader understand how Denver Water's financial information relates to the services Denver Water provides and the activities it performs.

EMPLOYEES BY DIVISION: 1996 - 2005

<u>Divisions/Sections</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Manager & Staff Division										
Manager and Staff	14.0	14.0	13.0	13.0	13.0	13.0	13.0	14.0	14.0	14.0
Human Resources	27.8	27.8	27.8	27.0	25.0	25.0	25.0	22.0	23.0	18.0
	<u>41.8</u>	<u>41.8</u>	<u>40.8</u>	<u>40.0</u>	<u>38.0</u>	<u>38.0</u>	<u>38.0</u>	<u>36.0</u>	<u>37.0</u>	<u>32.0</u>
Information Technology Division										
Information Technology	57.8	59.8	61.8	57.8	53.8	48.0	46.8	43.8	0.0	0.0
Public Affairs Division										
Director of Public Affairs	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	7.0
Community Relations	4.2	4.0	5.2	4.7	4.7	4.5	4.8	4.2	4.6	3.5
Conservation	9.8	12.0	12.0	10.0	7.0	6.0	7.0	7.0	6.0	7.0
Print Shop ¹	-	-	-	3.0	4.0	4.0	3.0	2.0	2.0	-
Central Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-
Customer Care	35.0	36.0	35.0	28.0	25.5	24.0	24.0	24.0	24.0	25.0
Customer Services - Field	67.0	71.0	75.0	83.0	87.0	84.0	89.0	88.0	85.0	86.0
Sales Administration	11.6	10.6	10.6	10.6	13.6	12.6	15.6	17.6	18.6	18.6
	<u>137.6</u>	<u>143.6</u>	<u>147.8</u>	<u>149.3</u>	<u>151.8</u>	<u>145.1</u>	<u>154.4</u>	<u>153.8</u>	<u>151.2</u>	<u>147.1</u>
Legal Division	12.3	13.5	12.5	13.5	13.5	13.5	11.5	13.5	12.4	12.8
Finance Division										
Director of Finance	9.0	9.0	9.0	9.0	7.0	8.0	8.0	7.0	8.0	6.0
Treasury Operations	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	5.0
Budget	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Purchasing	9.0	9.0	8.0	8.0	7.0	8.0	8.0	7.0	7.0	-
Accounting	18.0	19.0	19.0	19.0	19.0	17.0	18.0	20.0	20.0	19.0
Rate Administration	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	1.0	2.0
Records & Document Administration	6.0	6.0	8.0	8.0	12.0	12.0	13.0	13.0	13.0	-
Information Technology ²	-	-	-	-	-	-	-	-	44.0	44.0
	<u>54.0</u>	<u>54.0</u>	<u>55.0</u>	<u>55.0</u>	<u>56.0</u>	<u>56.0</u>	<u>57.0</u>	<u>59.0</u>	<u>102.0</u>	<u>81.0</u>
Engineering Division										
Administration	9.0	9.0	8.6	9.0	8.0	8.0	8.0	8.0	8.0	8.0
Programs & Projects	35.0	37.0	37.0	37.0	36.0	35.0	33.0	32.0	31.0	30.0
Survey	25.0	24.0	25.0	26.0	26.0	25.0	25.0	26.0	22.0	25.0
Distribution	38.0	38.0	37.0	39.0	39.0	38.0	40.0	39.0	40.0	28.0
Construction Management	20.0	22.0	22.0	23.0	22.0	21.0	21.0	21.0	20.0	20.0
	<u>127.0</u>	<u>130.0</u>	<u>129.6</u>	<u>134.0</u>	<u>131.0</u>	<u>127.0</u>	<u>127.0</u>	<u>126.0</u>	<u>121.0</u>	<u>111.0</u>
Planning Division										
Director of Planning	2.0	2.0	3.0	3.0	3.0	3.0	3.0	4.0	5.0	3.9
Environmental Planning	5.6	5.6	4.6	4.6	4.4	4.4	4.4	4.4	4.4	7.6
Raw Water Supply	6.0	6.0	6.0	6.0	6.0	6.0	5.0	6.0	6.0	6.0
Water Rights	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0
Water Resources Analysis	10.8	10.8	10.8	10.8	10.0	10.0	9.0	8.0	8.0	4.0
General Planning	4.0	3.0	4.0	4.0	4.0	5.0	5.0	4.0	4.0	4.0
Hydraulics	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	5.0
	<u>42.4</u>	<u>41.4</u>	<u>42.4</u>	<u>42.4</u>	<u>41.4</u>	<u>42.4</u>	<u>40.4</u>	<u>40.4</u>	<u>41.4</u>	<u>38.5</u>
Administration Division³										
Director of Administration	-	-	-	-	-	-	-	-	-	6.0
Human Resources	-	-	-	-	-	-	-	-	-	-
Health and Safety	-	-	-	-	-	-	-	-	-	19.0
Administrative Services	-	-	-	-	-	-	-	-	-	25.0
Property Administration	-	-	-	-	-	-	-	-	-	1.0
Public Recreation	-	-	-	-	-	-	-	-	-	4.0
General Services	-	-	-	-	-	-	-	-	-	28.0
										<u>83.0</u>
Operations and Maintenance Division										
Plant Office	4.0	4.0	4.0	5.0	5.0	30.5	28.5	6.0	6.0	6.0
Computer Support	-	-	-	-	-	-	-	-	-	-
Water Control Lab	-	-	-	-	-	-	-	-	-	-
Water Quality & Compliance	31.8	31.8	31.0	30.0	30.5	12.0	12.0	28.0	28.0	24.0
Safety and Loss Control	14.0	15.0	12.0	12.0	11.0	5.0	5.0	12.0	11.0	-
Source of Supply	59.0	56.0	59.0	60.0	61.0	60.0	59.0	59.0	56.0	58.0
Water Treatment	88.0	83.0	79.0	69.0	68.0	66.0	65.0	61.0	59.0	60.0
Transmission & Distribution	57.0	57.0	158.0	163.0	159.0	162.0	157.0	161.0	161.0	149.0
Treated Water Operations	156.0	157.0	59.0	58.0	59.0	59.0	58.0	58.0	57.0	56.0
Instrumentation & Ctrl Systems	7.0	19.0	21.0	20.0	18.0	16.0	16.0	16.0	16.0	15.0
Maintenance and Warehouse	123.0	131.0	129.0	127.0	129.0	125.0	127.0	128.0	129.0	114.0
	<u>539.8</u>	<u>553.8</u>	<u>552.0</u>	<u>544.0</u>	<u>540.5</u>	<u>535.5</u>	<u>527.5</u>	<u>529.0</u>	<u>523.0</u>	<u>482.0</u>
Total All Divisions	<u>1,012.7</u>	<u>1,037.9</u>	<u>1,041.9</u>	<u>1,036.0</u>	<u>1,026.0</u>	<u>1,005.5</u>	<u>1,002.6</u>	<u>1,001.5</u>	<u>988.0</u>	<u>987.4</u>

¹Print Shop transferred from Public Affairs to Information Technology in 2003.

²Information Technology transferred from Finance to Manager & Staff in 1998.

³Administration Division disbanded in February 1997 & employees transferred to other divisions.

Number of employees includes regular and introductory employees. Temporary, project and casual employees are not included.

ADDITIONS TO CAPITAL ASSETS - 2005

(Page 1 of 2)

(amounts expressed in thousands)

		<u>NEW FACILITIES</u>	
SOURCE OF SUPPLY			
Land Acquisitions	\$	5,728	
Gross Dam Power Plant		2,903	
South Platte Downstream Storage - Gravel Pits		1,553	
Water Rights		1,337	
Marston Reservoir		469	
Colorado River Basin		328	
Fraser Canal		296	
Cherry Creek Well		180	
Gross Reservoir		175	
Antero Reservoir		132	
Conduit #20 & Conduit #156		99	
Kassler Pump Station		82	
Williams Fork Collection System		51	
Moffat Collection System		48	
North Fork at the South Platte		47	
Cheesman Reservoir		33	
Other Miscellaneous		29	
Total Source of Supply			13,490
PUMPING PLANT AND CLEAR WATER STORAGE			
Green Mountain Pump Station		1,771	
Mt Clair Pump Station		547	
Hillcrest Pump Station		438	
64th Avenue Pump Station		212	
Bellevue Pump Station		126	
Lonetree Pump Station		25	
Other Miscellaneous		38	
Total Pumping Plant and Clear Water Storage			3,157
WATER TREATMENT			
Marston Treatment Improvements		2,331	
Recycled Water Project		1,771	
Moffat Treatment Improvements		1,731	
Foothill Treatment Improvements		122	
Total Water Treatment			5,955
TRANSMISSION AND DISTRIBUTION			
Distribution Mains & Hydrants		7,337	
Recycled Water Conduits/Distribution System/Projects		1,331	
Conduit #131		472	
Conduit #143		292	
Conduit #151		285	
Conduit #159		254	
Conduit #74		146	
Conduit #93		141	
Conduit #158		133	
Conduit #154		67	
Conduit #129		41	
Conduit #94		33	
Other Miscellaneous		42	
Total Transmission and Distribution			10,574
OTHER			
AMR-Large Meter Replacement Project		3,242	
Total Other			3,242
TOTAL NEW FACILITIES			<u>\$ 36,418</u>

(Continued next page)

ADDITIONS TO CAPITAL ASSETS - 2005
(amounts expressed in thousands)

(Page 2 of 2)

<u>FACILITY REPLACEMENTS AND IMPROVEMENTS</u>	
SOURCE OF SUPPLY	
Eleven Mile Reservoir	\$ 2,267
Ralston Reservoir	442
Conduit #157	340
Metro Sewer Pump Station	229
Grant Headquarters	201
Strontia Springs Dam	184
Conduit #20	147
Cheesman Reservoir	127
Conduit #16	115
Williams Fork Reservoir	95
Jones Pass	77
Roberts Tunnel	70
Antero Reservoir	62
Waterton Canyon	51
Strontia Power Plant	37
Other Miscellaneous	37
Total Source of Supply	4,481
PUMPING PLANT AND CLEAR WATER STORAGE	
Hillcrest Pump Station	1,118
Marston Pump Station	165
Green Mountain Pump Station	103
56th Avenue Pump Station	90
Highlands Pump Station	72
Other Miscellaneous	5
Total Pumping Plant and Clear Water Storage	1,553
WATER TREATMENT	
Foothills Treatment Plant Improvements	3,596
Moffat Treatment Plant	448
Marston Treatment Plant Improvements	245
Foothills Power Plant	19
Other Miscellaneous	12
Total Water Treatment	4,320
TRANSMISSION AND DISTRIBUTION & CLEAR WATER STORAGE	
Mains - Replace, Extend and Relocate	20,134
Fire hydrants - Replacements, Raise, Relocate	1,160
Conduit #13	1,147
Conduit #27	639
Conduit #12	570
Conduit #41	369
Conduit #116	366
Conduit #118	315
Conduit #29	281
Ashland Reservoir	191
Conduit #95	98
Conduit #44	73
Conduit #2	63
Conduit #76	63
Conduit #125	54
Conduit #90	50
Conduit #31	50
Conduit #143	36
Decentralization Stations	29
Other Miscellaneous	31
Total Transmission and Distribution	25,719
NON-UTILITY	
Highline Canal	80
City Ditch	23
Other Miscellaneous	18
Total Non-Utility	121
GENERAL PLANT	
Westside Improvements	609
Kassler	457
Other Miscellaneous	18
Total General Plant	1,084
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS	37,278
<u>GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS</u>	
Computer Equipment	142
Capitalized Software & IT Projects	5,243
Motor Vehicles & Heavy Equipment	1,522
Alcatel Telephone System	533
General Equipment	739
Other	2
TOTAL GENERAL EQUIPMENT	8,181
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS	\$ 81,877

CAPITAL ASSETS BY FUNCTION: 1996 - 2005
(amounts expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
UTILITY PLANT IN SERVICE:										
Source of supply plant	\$ 458,168	\$ 448,308	\$ 419,350	\$ 400,248	\$ 391,499	\$ 382,873	\$ 362,655	\$ 360,666	\$ 347,612	\$ 336,872
Pumping plant	70,212	64,728	49,574	46,064	45,038	43,429	35,679	35,037	32,950	30,865
Water treatment plant	331,481	315,906	272,104	233,121	232,532	230,385	202,484	194,201	192,217	193,707
Transmission and distribution plant	726,563	696,718	652,700	605,581	585,059	605,138	562,657	553,506	536,298	517,000
General plant and equipment	103,899	100,246	99,278	91,114	88,926	86,668	78,206	72,630	72,316	67,285
Leasehold and other improvements	90,522	90,297	85,594	71,709	59,587	7,847	7,072	6,698	5,758	3,570
Land held for future use	14,050	14,050	14,062	14,063	14,073	14,073	14,090	14,422	14,436	14,444
Total utility plant in service	<u>1,794,895</u>	<u>1,730,253</u>	<u>1,592,662</u>	<u>1,461,900</u>	<u>1,416,714</u>	<u>1,370,413</u>	<u>1,262,843</u>	<u>1,237,160</u>	<u>1,201,587</u>	<u>1,163,743</u>
NONUTILITY PLANT IN SERVICE:										
Plant	8,949	9,127	8,927	7,549	7,636	7,637	7,404	7,496	6,938	6,811
General equipment	69	69	60	61	61	73	76	74	100	93
Total nonutility plant in service	<u>9,018</u>	<u>9,196</u>	<u>8,987</u>	<u>7,610</u>	<u>7,697</u>	<u>7,710</u>	<u>7,480</u>	<u>7,570</u>	<u>7,038</u>	<u>6,904</u>
UTILITY PLANT UNDER CAPITAL LEASE:										
Certificates of participation ¹	69,151	74,036	-	-	-	-	-	-	-	-
Other	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981	42,981
Total utility plant under capital lease	<u>112,132</u>	<u>117,017</u>	<u>42,981</u>	<u>42,981</u>	<u>42,981</u>	<u>42,981</u>	<u>42,981</u>	<u>42,981</u>	<u>42,981</u>	<u>42,981</u>
CONSTRUCTION IN PROGRESS	<u>89,040</u>	<u>75,196</u>	<u>226,875</u>	<u>199,453</u>	<u>121,104</u>	<u>71,177</u>	<u>95,029</u>	<u>59,909</u>	<u>30,456</u>	<u>23,115</u>
Gross capital assets	<u>2,005,085</u>	<u>1,931,662</u>	<u>1,871,505</u>	<u>1,711,944</u>	<u>1,588,496</u>	<u>1,492,281</u>	<u>1,408,333</u>	<u>1,347,620</u>	<u>1,282,062</u>	<u>1,236,743</u>
ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>475,601</u>	<u>447,132</u>	<u>421,590</u>	<u>392,303</u>	<u>368,291</u>	<u>347,413</u>	<u>325,360</u>	<u>304,702</u>	<u>288,309</u>	<u>268,247</u>
Net capital assets	<u>\$ 1,529,484</u>	<u>\$ 1,484,530</u>	<u>\$ 1,449,915</u>	<u>\$ 1,319,641</u>	<u>\$ 1,220,205</u>	<u>\$ 1,144,868</u>	<u>\$ 1,082,973</u>	<u>\$ 1,042,918</u>	<u>\$ 993,753</u>	<u>\$ 968,496</u>

¹ Assets under Certificates of Participation capital lease were reclassified from Water Treatment Plant in 2005.

RECEIPTS AND EXPENDITURES

BUDGET TO ACTUAL COMPARISON 2001 - 2005 AND 2006 BUDGET (CASH BASIS)

(amounts expressed in thousands)

	2001		2002		2003		2004		2005		2006
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
BEGINNING CASH & INVESTMENTS	\$ 165,594	\$ 165,594	\$186,755	\$186,755	\$156,540	\$156,540	\$156,540	\$156,540	\$154,996	\$155,626	\$159,276
<u>RECEIPTS FROM:</u>											
Sale of water	139,465	149,188	148,785	146,210	133,065	131,038	133,065	131,038	169,492	157,902	164,333
Drought Surcharge	-	-	-	776	11,043	8,001	11,043	8,001	(2,657)	68	
Nonoperating, interest & other	16,746	16,671	12,111	16,480	16,695	13,683	16,695	13,683	15,202	12,391	14,976
System development charges	21,300	22,259	27,446	36,644	23,783	19,649	23,783	19,649	22,586	26,280	25,654
Tap Surcharge	-	-	-	1,333	4,583	1,641	4,583	1,641			
Developer participation (new facilities)	3,915	7,034	3,918	5,573	2,115	2,835	2,115	2,835	2,593	1,850	4,978
Reimbursements & grants	1,637	6,802	152	1,881	3,123	3,420	3,123	3,420	450	762	2,705
Subtotal	183,063	201,954	192,412	208,897	194,407	180,267	194,407	180,267	207,666	199,253	212,646
Sale of bonds	11,159	32,658	27,395	11,393	40,500	132,438	40,500	132,438	25,000	30,500	40,000
Total receipts	194,222	234,612	219,807	220,290	234,907	312,705	234,907	312,705	232,666	229,753	252,646
<u>LESS EXPENDITURES FOR:</u>											
Operations, maintenance & refunds	82,059	85,375	91,297	95,453	97,006	105,463	97,006	105,463	107,294	111,379	116,770
Debt service	31,629	31,780	32,712	35,258	33,630	71,338	33,630	71,338	44,428	44,732	47,398
Subtotal	113,688	117,155	124,009	130,711	130,636	176,801	130,636	176,801	151,722	156,111	164,168
Capital improvements (new facilities)	74,508	69,761	78,240	81,421	91,228	100,017	91,228	100,017	43,325	30,848	50,400
System replacements	13,688	11,238	15,308	18,828	13,950	12,559	13,950	12,559	21,074	19,055	21,289
Equipment	8,298	6,604	10,069	8,834	7,264	5,528	7,264	5,528	12,878	8,334	13,853
Subtotal	96,494	87,603	103,617	109,083	112,442	118,104	112,442	118,104	77,277	58,237	85,542
Indirects to capital	9,884	9,750	9,955	10,711	11,023	10,935	11,023	10,935	11,381	11,755	11,990
Total expenditures	220,066	214,508	237,581	250,505	254,101	305,840	254,101	305,840	240,380	226,103	261,700
DIA Market Adjustment	-	-	-	1,057	-	-	-	-	-	-	-
ENDING CASH & INVESTMENTS	\$ 139,750	\$185,698	\$168,981	\$157,597	\$137,346	\$163,405	\$137,346	\$163,405	\$147,282	\$159,276	\$150,222

GENERAL EXPLANATION OF VARIANCES:

Variances in operating receipts are generally due to abnormal climatic conditions.

Variances in system development charges are generally related to levels of activity in the home building industry.

Variances in capital improvements are generally due to changes in project scheduling.

2005 Capital Expenditures were less than budgeted as a result of 18 projects being delayed in anticipation of revenues shortfalls in the summer.

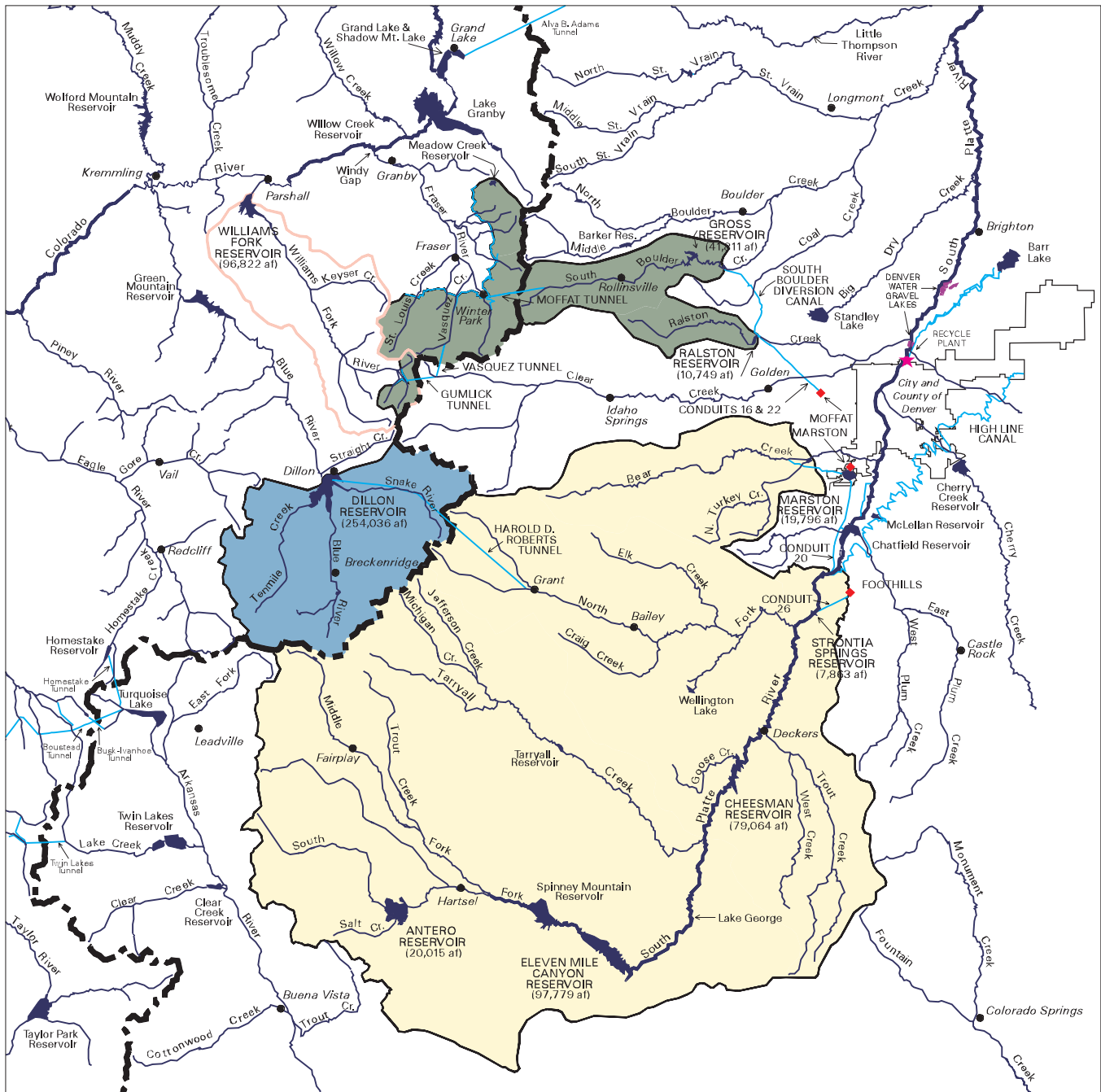
Cash and investments do not agree with amounts on the Statements of Net Assets.

Supply











2005 Facts

Raw water collected	313,092	A.F.
Percent of average yield-last 10 years	104%	
Percent from South Platte System	49%	
Percent from Moffat System	20%	
Percent from Roberts Tunnel System	30%	
Reservoir storage, January 1	496,555	A.F.
Percent of capacity	73.8%	
Reservoir storage, December 31	577,807	A.F.
Percent of capacity	85.8%	
Power generation	56,413,135	KWH
Value of power generation	\$3,359,423	

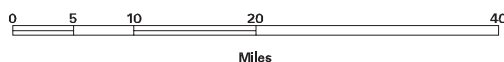
City and County of Denver Board of Water Commissioners Water Collection System



LEGEND

- | | |
|---|---|
|  South Platte Collection System |  Continental Divide |
|  Roberts Tunnel Collection System |  Major Stream or River |
|  Moffat Collection System |  Major Canal or Tunnel |
|  Williams Fork Reservoir Watershed |  Major Lake or Reservoir |
|  Denver Water Treatment Plant |  Town |

Scale 1:1,000,000



This Geographic Information Systems (GIS) map is provided "as is" with no claim by the Denver Water Board as to the completeness, usefulness or accuracy of its content.
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SOURCE OF SUPPLY - 2005
Reservoirs and Collection Systems

(Page 1 of 2)

	Capacity in <u>Acre-Feet</u>	Capacity in <u>Million Gals.</u>
RAW WATER STORAGE		
Storage Reservoirs:		
Dillon	254,036	82,777.9
Eleven Mile Canyon	97,779	31,861.4
Cheesman	79,064	25,763.1
Gross	41,811	13,624.2
Antero	20,015	6,521.9
Chatfield	27,428	8,937.4
Soda Lakes (Board owns 35.16% of water)	645	210.2
Total Storage Reservoirs	<u>520,778</u>	<u>169,696.0</u>
Operating Reservoirs:		
Marston Lake	19,796	6,450.5
Ralston	10,749	3,502.6
Strontia Springs	7,863	2,562.2
Long Lakes	1,787	582.3
Platte Canyon	910	296.5
Total Operating Reservoirs	<u>41,105</u>	<u>13,394.1</u>
TOTAL RAW WATER STORAGE	<u><u>561,883</u></u>	<u><u>183,090.1</u></u>
REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Board owns 40% of water)	<u>25,610</u>	<u>8,345.0</u>
Total Replacement Reservoirs	<u><u>122,432</u></u>	<u><u>39,894.6</u></u>
MOUNTAIN COLLECTION SYSTEM		
	<u>Length in Feet</u>	<u>Length in Miles</u>
Moffat Collection System:		
Concrete and Steel Pipe	92,269	17.4
Moffat Water Tunnel	32,383	6.1
Open Canals	20,223	3.8
Covered Canals	22,587	4.3
Other Tunnels	10,953	2.1
Total Moffat Collection System	<u>178,415</u>	<u>33.7</u>
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	3.0
Open Canals	1,795	0.3
Total Williams Fork Collection System	<u>54,180</u>	<u>10.3</u>
Roberts Tunnel	<u>122,953</u>	<u>23.3</u>
South Boulder Diversion Conduit:		
Open Canals	33,250	6.3
Concrete and Steel Pipe	10,948	2.1
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	<u>53,650</u>	<u>10.2</u>
TOTAL MOUNTAIN COLLECTION SYSTEM	<u><u>409,198</u></u>	<u><u>77.5</u></u>

SOURCE OF SUPPLY - 2005
Supply Mains and Wells

(Page 2 of 2)

RAW WATER SUPPLY MAINS

	<u>Size</u>	<u>Kind of Pipe</u>	<u>Capacity in MGD</u>	<u>Length in Feet</u>	<u>Length in Miles</u>
Conduit 14:	48"	Concrete	32.0	3,324	0.6
Conduit 15:	60"	Concrete		8,040	1.5
	60"	Steel		11,158	2.1
	72"	Concrete		6,057	1.2
	72"	Steel		6,185	1.2
Total Conduit 15			100.0	31,440	6.0
Conduit 16:	42"	Concrete		44,707	8.4
	42"	Steel		579	0.1
	48"	Concrete		346	0.1
Total Conduit 16			62.0	45,632	8.6
Conduit 20:	60"	Steel		1,038	0.2
	84"	Steel		563	0.1
	90"	Concrete		59,899	11.3
	96"	Concrete-Lined Tunnel		3,012	0.6
	108"	Steel		8,000	1.5
Total Conduit 20			222.0	72,512	13.7
Conduit 22:	30"	Concrete		47	- ¹
	48"	Concrete		11	- ¹
	54"	Concrete		44,334	8.4
	54"	Steel		510	0.1
Total Conduit 22			137.0	44,902	8.5
Conduit 26:	126"	Steel		1,746	0.3
	126"	Concrete		147	- ¹
	126"	Concrete-Lined Tunnel		16,089	3.0
Total Conduit 26			750.0	17,982	3.3
TOTAL RAW WATER SUPPLY MAINS				215,792	40.7

¹Less than 0.1 mile.

INFILTRATION GALLERIES & WELLS

	<u>Capacity in MGD</u>
Cherry Creek Wells:	
Well O	1.2
Farnell Lane Well Field	- ²

²Alternative uses for supplies from the Farnell Lane Well Field are presently under study.

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKING

POWER GENERATION AND PURCHASE	<u>Kilowatt Hours</u>	<u>Value</u>
Net Power Generation: ¹		
Dillon	11,625,709	\$ 744,134
Foothills	10,607,900	682,237
Hillcrest	7,101,500	455,483
Roberts Tunnel	11,204,614	769,776
Strontia Springs	6,560,212	406,890
Williams Fork	9,313,200	300,903
Total Power Generation	56,413,135	3,359,423
Power Purchased for Department of Energy (DOE) power interference	-	-
TOTAL POWER GENERATION AND PURCHASE	56,413,135	3,359,423
 POWER DISTRIBUTION		
Power Consumption: ¹		
Foothills	5,737,795	369,022
Hillcrest	1,159,392	74,363
Total Power Consumption	6,897,187	443,385
 Power Sales:		
To Xcel Energy:		
Dillon	11,625,709	744,134
Foothills	4,870,105	313,215
Hillcrest	5,942,108	381,120
Roberts Tunnel	11,204,614	769,776
Strontia Springs	6,560,212	406,890
	40,202,748	2,615,135
To Tri-State Generation and Transmission Association:		
Williams Fork	9,313,200	300,903
Total Power Sales	49,515,948	2,916,038
 Power Deliveries to DOE for Power Interference:		
Williams Fork	-	-
Purchased Power	-	-
Total Power Deliveries to DOE	-	-
 TOTAL POWER DISTRIBUTION	56,413,135	3,359,423
 DOE BANKED POWER INTERFERENCE ACCOUNT ²		
Balance, Beginning of Year	87,322,837	2,619,685
Power Deliveries to DOE	-	-
Net Interference	(7,290,256)	(218,708)
Balance, End of Year	80,032,581	\$2,400,977

¹Net Power Generation is total generation less station service (except Foothills and Hillcrest) and transmission wheeling losses. Value of Williams Fork power and that consumed by Foothills and Hillcrest based on PS¹ tariff schedule TT, June 4, 1988

²Value based on 30 mills/kwh (approximate average of PSC and DOE rates).

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant						
	<u>Dillon</u>	<u>Foothills</u>	<u>Hillcrest</u>	<u>Roberts Tunnel</u>	<u>Strontia Springs</u>	<u>Williams Fork</u>	<u>Total</u>
Date of Commercial Operation:	Oct 1, 1987	May 25, 1985	Jun 30, 1993	Jan 30, 1988	Aug 11, 1986	July 25, 1959	
VALUE OF POWER GENERATION							
Xcel Sales	\$ 744,134	\$ 313,215	\$ 381,120	\$ 769,776	\$ 406,890	\$ -	\$ 2,615,135
Foothills Consumption	-	369,022	-	-	-	-	369,022
Hillcrest Consumption	-	-	74,363	-	-	-	74,363
Delivered to Tri-State	-	-	-	-	-	300,903	300,903
TOTAL VALUE	<u>744,134</u>	<u>682,237</u>	<u>455,483</u>	<u>769,776</u>	<u>406,890</u>	<u>300,903</u>	<u>3,359,423</u>
COST OF POWER GENERATION							
Transmission Wheeling	-	15,118	-	30,799	-	-	45,917
Operation and Maintenance	100,337	118,452	75,241	118,623	87,740	117,036	617,430
Administrative Expense	25,218	37,748	21,525	24,623	20,174	33,696	162,984
Depreciation	93,754	44,006	127,450	126,667	44,143	81,024	517,044
TOTAL COST	<u>219,309</u>	<u>215,324</u>	<u>224,215</u>	<u>300,712</u>	<u>152,057</u>	<u>231,756</u>	<u>1,343,374</u>
Net Return (Loss)	<u>\$ 524,825</u>	<u>\$ 466,913</u>	<u>\$ 231,268</u>	<u>\$ 469,064</u>	<u>\$ 254,833</u>	<u>\$ 69,147</u>	<u>\$ 2,016,049</u>
Plant Investment (Before Depreciation)	<u>\$ 4,467,718</u>	<u>\$ 2,297,577</u>	<u>\$ 6,292,281</u>	<u>\$ 5,972,138</u>	<u>\$ 1,751,635</u>	<u>\$ 4,109,050</u>	<u>\$ 24,890,399</u>
Return on Investment	<u>12%</u>	<u>20%</u>	<u>4%</u>	<u>8%</u>	<u>15%</u>	<u>2%</u>	<u>8%</u>

WATER SUPPLY, USE AND STORAGE: 1996 - 2005

Values in acre-feet

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
SUPPLY										
South Platte System:										
South Platte Direct Rights	73,934	62,054	62,319	34,238	67,216	78,106	138,421	118,924	119,689	75,280
South Platte Storage Rights	59,502	26,738	43,562	4,686	43,142	38,406	66,492	60,580	68,492	36,266
Bear Creek Rights	2,302	4,100	15,062	901	1,844	908	-	-	47	14
Total South Platte System	135,738	92,892	120,943	39,825	112,202	117,420	204,913	179,504	188,228	111,560
Blue River/Roberts Tunnel System	94,470	75,984	164,294	56,848	102,282	102,750	54,064	48,384	92,174	89,268
Effluent Exchange ¹	19,012	27,086	24,039	19,031	17,724	16,492	5,864	11,444	6,250	19,682
Moffat System:										
Fraser Collection System	48,190	43,408	65,458	21,678	51,288	49,355	35,018	30,166	44,932	47,838
Williams Fork Collection System	3,816	10,364	5,726	7,856	11,350	3,612	278	2,534	2,692	1,508
Cabin-Meadow Creek System	4,424	5,074	5,020	3,582	5,716	6,406	570	3,680	2,820	3,068
South Boulder Creek	4,388	-	6,814	-	2,810	-	16,140	12,144	22,142	7,892
Ralston Creek	3,054	498	1,054	-	132	438	5,266	5,696	5,044	214
Total Moffat System	63,872	59,344	84,072	33,116	71,296	59,811	57,272	54,220	77,630	60,520
Total Water Supply	313,092	255,306	393,348	148,820	303,504	296,473	322,113	293,552	364,282	281,030
USE										
Foothills Filters	124,411	118,945	120,112	158,777	141,780	165,454	174,596	181,238	162,841	152,057
Marston Filters	30,008	25,097	38,448	54,849	59,614	47,463	26,667	15,574	26,874	20,750
Moffat Filters	55,802	41,864	42,164	17,649	47,481	43,031	29,915	40,949	41,491	57,206
Total Water Filtered	210,221	185,906	200,724	231,275	248,875	255,948	231,178	237,762	231,206	230,013
Change in Clear Water Storage	(83)	3	(20)	(340)	(136)	382	(291)	(17)	(2)	119
Total Treated Water Delivered ²	210,138	185,909	200,704	230,935	248,739	256,330	230,887	237,745	231,204	230,132
Raw Water Deliveries	32,726	38,535	43,136	44,454	29,040	38,478	26,248	27,063	30,248	30,910
Other Uses ³	32,709	20,514	11,941	31,812	17,084	23,268	22,646	11,176	57,275	20,252
Evaporation Losses ⁴	-	-	8,804	8,242	8,310	8,995	1,711	6,879	1,878	6,154
Total Water Use	275,573	244,958	264,585	315,443	303,173	327,071	281,492	282,863	320,605	287,448
STORAGE⁵										
Total Reservoir Storage, December 31	577,807	496,555	501,084	309,874	544,527	553,929	607,921	591,462	607,786	555,276
Total Reservoir Storage, January 1	496,555	501,084	309,874	544,527	553,929	607,921	591,462	607,786	555,276	605,702
Storage Gain or (Loss)	81,252	(4,529)	191,210	(234,653)	(9,402)	(53,992)	16,459	(16,324)	52,510	(50,426)

¹Initiated exchange programs for Blue River effluent on September 10, 1976.

²Total Treated Water Delivered is determined by adding or subtracting Change in Clear Water Storage from Total Water Filtered.

³Other Uses include, but are not limited to, evaporation, carriage losses, seepage losses, Chatfield bypasses, flood bypasses, and releases for power production and maintenance projects.

⁴Evaporation losses included in Other Uses beginning in 2004.

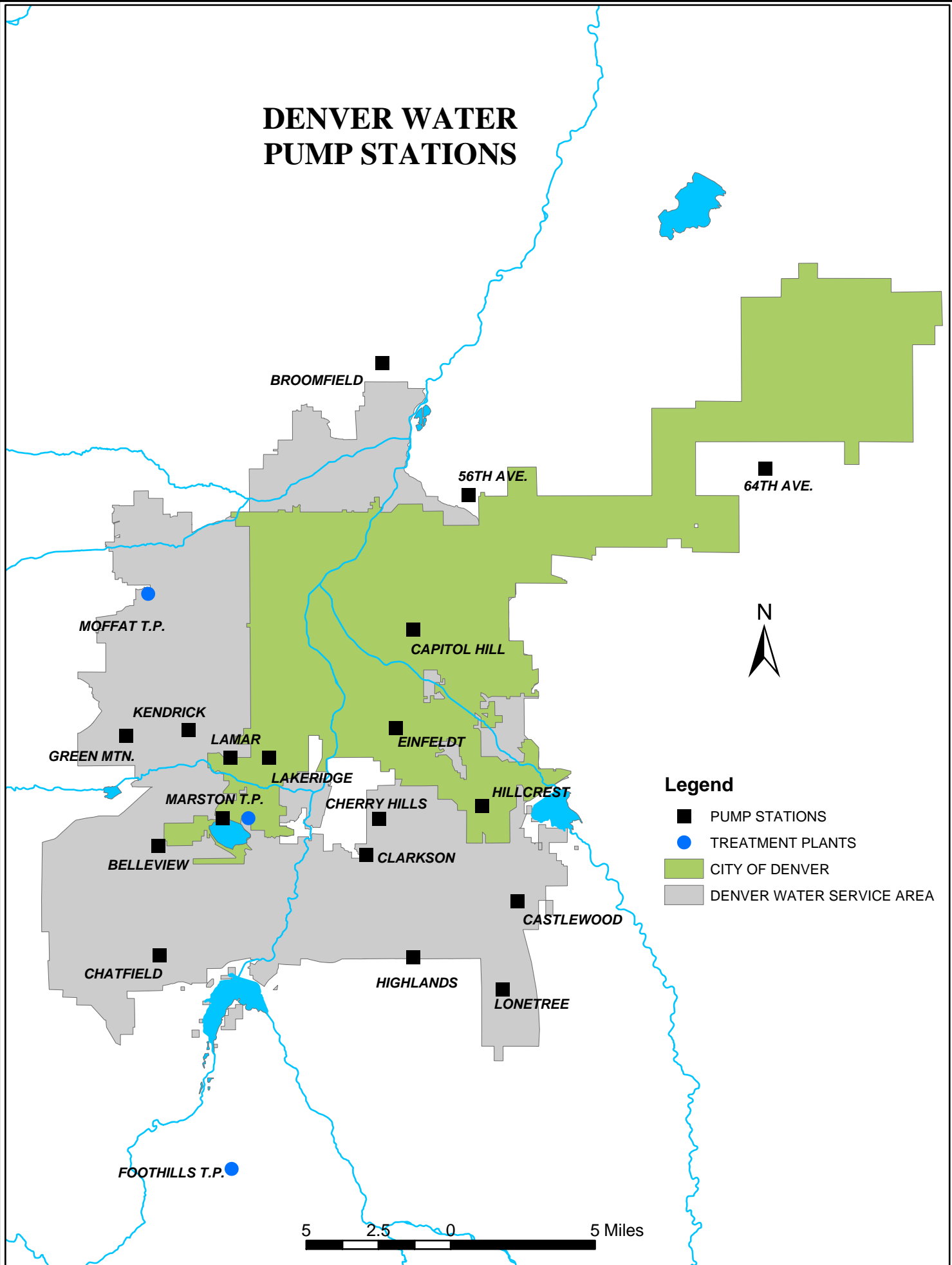
⁵Reservoirs used to compute total storage changed for the 2002 report. 1993-2001 data were adjusted for this change.

Pumping

2005 Facts

Water pumped - Current year	41,890.71	MG
Water pumped - Last year	39,105.07	MG
Percentage increase from last year	7%	
Number of pump stations	19	
Maximum pumping capacity	1,096.3	MGD
Pumping energy costs - Current year	\$3,369,185	
Pumping energy costs - Last year	\$2,440,755	
Percentage increase from last year	38%	

DENVER WATER PUMP STATIONS



PUMPING STATION CAPACITIES - 2005
Center of pump U.S.G.S. elevation in parentheses

(Page 1 of 3)

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse- power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>	
BELLEVIEW (5,714)	4	Goulds	Ideal Electric	900	260	15.0	M	R
(High Pressure)	5	Worthington	Westinghouse	300	260	5.0	M	R
11200W. Bellevue Ave.	6	Worthington	General Electric	600	260	10.0	M	R
	7	Worthington	General Electric	900	260	15.0	M	R
				<u>2,700</u>		<u>45.0</u>		
BELLEVIEW (5,714)	1	Goulds	General Electric	250	175	6.0	M	R
(Low Pressure)	2	Goulds	General Electric	400	175	10.0	M	R
11200W. Bellevue Ave.				<u>650</u>		<u>16.0</u>		
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0	M	R
9265 Washington St.	2	Patterson	Ideal Electric	400	350	5.0	M	R
	3	Patterson	Ideal Electric	400	350	5.0	M	R
	4	Goulds	US Motor	500	300	6.5	M	R
				<u>1,700</u>		<u>21.5</u>		
CAPITOL HILL (5,387)	3	Wheeler Economy	General Electric	800	175	20.0	M	R
1000 Elizabeth St.	4	Byron Jackson	General Electric	400	175	12.0	M	R
	5	Cameron	General Electric	700	164	20.0	M	R
	6	Byron Jackson	Westinghouse	600	175	17.0	M	R
	7	Byron Jackson	Westinghouse	800	175	23.0	M	R
				<u>3,300</u>		<u>92.0</u>		
CASTLEWOOD (5785) ²	1	Paco	Lincoln Linguard	75		2.3	M	L
9502 E.Arapahoe Rd.	2	Paco	Lincoln Linguard	75		2.3	M	L
				<u>150</u>		<u>4.6</u>		
CHATFIELD (5,717)	1	ITT	US Motor	200	150	5.0	M	R
8371 Continental Divide Rd.	2	ITT	US Motor	200	150	5.0	M	R
(Low Pressure)	3	ITT	US Motor	200	150	5.0	M	R
				<u>600</u>		<u>15.0</u>		
CHATFIELD (5,717)	5	ITT	US Motor	400	320	5.0	M	R
8371 Continental Divide Rd.	6	ITT	US Motor	400	320	5.0	M	R
(High Pressure)				<u>800</u>		<u>10.0</u>		
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0	M	R
1590 Radcliff Ave.	2	Worthington	General Electric	1,000	220	20.0	M	R
	3	Worthington	General Electric	1,000	220	20.0	M	R
	4	Worthington	General Electric	1,000	220	20.0	M	R
	5	Worthington	General Electric	1,000	220	20.0	M	R
	6	Worthington	General Electric	1,000	220	20.0	M	R
				<u>6,000</u>		<u>120.0</u>		
CLARKSON (5,482) ²	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
5300 S. Clarkson St.	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
	6	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M	R
				<u>900</u>		<u>12.6</u>		
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0	M	R
1900 S. University Blvd.	3	Byron Jackson	General Electric	600	175	17.0	M	R
	4	Byron Jackson	General Electric	400	175	12.0	M	R
	5	Byron Jackson	Westinghouse	200	175	5.3	M	R
	6	Worthington	General Electric	800	175	20.0	M	R
	7	Wheeler Economy	General Electric	800	175	20.0	M	R
				<u>3,600</u>		<u>94.3</u>		

¹M=Manual, R=Remote, L=Local

²Vault Type Structure (underground)

(Continued next page)

PUMPING STATION CAPACITIES - 2005

(Page 2 of 3)

Center of pump U.S.G.S. elevation in parenthese

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>	
FIFTY-SIXTH AVENUE (5,203) 7355 56th Ave.	2	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	3	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0	M	R
	8	Gould	U.S. Motor	500	75	30.0	M	R
	9	Gould	U.S. Motor	500	75	30.0	M	R
				<u>8,000</u>		<u>120.0</u>		
GREEN MOUNTAIN (5,837) 12400 W. Jewell Ave.	1	Patterson	General Electric	700	260	10.0	M	R
	2	Patterson	General Electric	350	260	5.0	M	R
	3	Patterson	General Electric	350	260	5.0	M	R
	4	Patterson	General Electric	700	260	10.0	M	R
				<u>2,100</u>		<u>30.0</u>		
HIGHLANDS (5,704) (Low Pressure) 8100 S. University Blvd.	1	Fairbanks Morse	General Electric	125	165	3.0	M	R
	2	Fairbanks Morse	General Electric	125	165	3.0	M	R
	3	Fairbanks Morse	General Electric	125	165	3.0	M	R
	4	Fairbanks Morse	General Electric	125	165	3.0	M	R
	5	DeLaval	Ideal Electric	350	165	10.0	M	R
	6	DeLaval	Ideal Electric	350	165	10.0	M	R
	7	DeLaval	Ideal Electric	350	165	10.0	M	R
				<u>1,550</u>		<u>42.0</u>		
HIGHLANDS (5,704) (High Pressure) 8100 S. University Blvd.	1	Gould	General Electric	900	260	15.0	M	R
	4	Gould	General Electric	900	260	15.0	M	R
	6	Gould	General Electric	300	110	10.0	M	R
	7	Gould	General Electric	300	110	10.0	M	R
	8	Gould	General Electric	150	110	5.0	M	R
	9	Gould	General Electric	150	110	5.0	M	R
				<u>2,700</u>		<u>60.0</u>		
HILLCREST (5,602) (Low Pressure) 4200 S. Happy Canyon Rd.	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M	R
	2	Allis Chalmers	Allis Chalmers	100	167	2.0	M	R
	3	DeLaval	Electric Machinery	200	163	5.0	M	R
	4	DeLaval	Electric Machinery	400	163	11.0	M	R
	5	DeLaval	Electric Machinery	400	163	11.0	M	R
	6	Worthington	Fairbanks Morse	400	163	11.0	M	R
	7	Worthington	Fairbanks Morse	400	163	11.0	M	R
				<u>1,950</u>		<u>52.0</u>		
HILLCREST (5,602) (High Pressure) 4200 S. Happy Canyon Rd.	9	Gould	US Motor	1,500	330	20.0	M	R
	10	DeLaval	Electric Machinery	350	313	4.8	M	R
	11	DeLaval	Electric Machinery	800	315	10.5	M	R
	12	DeLaval	Electric Machinery	800	315	10.5	M	R
	13	Patterson	Ideal Electric	900	320	10.0	M	R
				<u>4,350</u>		<u>55.8</u>		
KENDRICK (5,607) (Low Pressure) 9380 W. Jewell Ave.	1	Patterson	Ideal Electric	300	120	10.0	M	R
	2	DeLaval	General Electric	300	117	10.0	M	R
	3	Worthington	General Electric	75	119	2.9	M	R
	4	Worthington	General Electric	75	119	2.9	M	R
	5	Worthington	General Electric	75	119	2.9	M	R
				<u>825</u>		<u>28.7</u>		

¹M=Manual, R=Remote, L=Local

(Continued next page)

PUMPING STATION CAPACITIES - 2005
Center of pump U.S.G.S. elevation in parentheses

(Page 3 of 3)

<u>Pump Station/Elevation</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse- power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>	<u>Method of Operation¹</u>
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0	M R
(High Pressure)	8	Worthington	Electric Machinery	800	260	10.0	M R
9380 W. Jewell Ave.	9	Goulds	Waukesha ³	700	260	10.0	M R
	10	DeLaval	Waukesha ³	400	260	5.0	M R
	11	Patterson	Ideal Electric	700	260	10.0	M R
				<u>3,400</u>		<u>45.0</u>	
LAKERIDGE (5,516)	1	American	United States	50	120	1.7	M R
2700 S. Raleigh St.	2	Pacific	Ideal Electric	75	120	2.9	M R
	3	Pacific	Ideal Electric	75	120	2.9	M R
	4	Allis Chalmers	Allis Chalmers	50	120	2.0	M R
				<u>250</u>		<u>9.5</u>	
LAMAR (5,443) ²	1	Worthington	Marathon Electric	100	120	2.9	M R
6301 W. Yale Ave.	2	Worthington	Marathon Electric	100	120	2.9	M R
	3	Worthington	Fairbanks Morse	75	120	2.0	M R
				<u>275</u>		<u>7.8</u>	
LONE TREE (5,904)	3	Gould	Siemens & Allis	300	127	10.0	M R
(Low Pressure)	4	Gould	Siemens & Allis	150	127	5.0	M R
7700 E. Chapparel Rd.	5	Gould	Siemens & Allis	150	127	5.0	M R
				<u>600</u>		<u>20.0</u>	
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0	M R
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0	M R
7700 E. Chapparel Rd.	8	Gould	Siemens & Allis	600	227	10.0	M R
				<u>1,500</u>		<u>25.0</u>	
MARSTON (5,485)	1	Worthington	Waukesha ³	700	166	20.0	M R
(Low Pressure)	2	Worthington	General Electric	700	166	20.0	M R
5700 W. Quincy Ave.	3	Worthington	General Electric	700	166	20.0	M R
	4	Worthington	General Electric	700	166	20.0	M R
	5	Worthington	General Electric	700	166	20.0	M R
				<u>3,500</u>		<u>100.0</u>	
MARSTON (5,485)							
(High Pressure)							
5700 W. Quincy Ave.	8	Patterson	Waukesha ³	400	260	6.5	M R
	9	Ingersoll-Rand	Reliance Electric	500	260	8.0	M R
	10	Gould	US Motor	900	260	15.0	M R
	11	Gould	US Motor	900	260	15.0	M R
				<u>2,700</u>		<u>44.5</u>	
SIXTY-FOURTH AVENUE (5,427)	3	Fairbanks Morse	United States	100	90	5.0	M R
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0	M R
21850 E. 64th Ave.				<u>300</u>		<u>15.0</u>	
SIXTY-FOURTH AVENUE (5,427)	1	Fairbanks Morse	United States	400	170	10.0	M R
(High Pressure)							
21850 E. 64th Ave.							
			Grand Total	<u>54,800</u>		<u>1,096.3</u>	

Note: City Datum = 5,172.91

¹M=Manual, R=Remote, L=Local

²Vault Type Structure (underground)

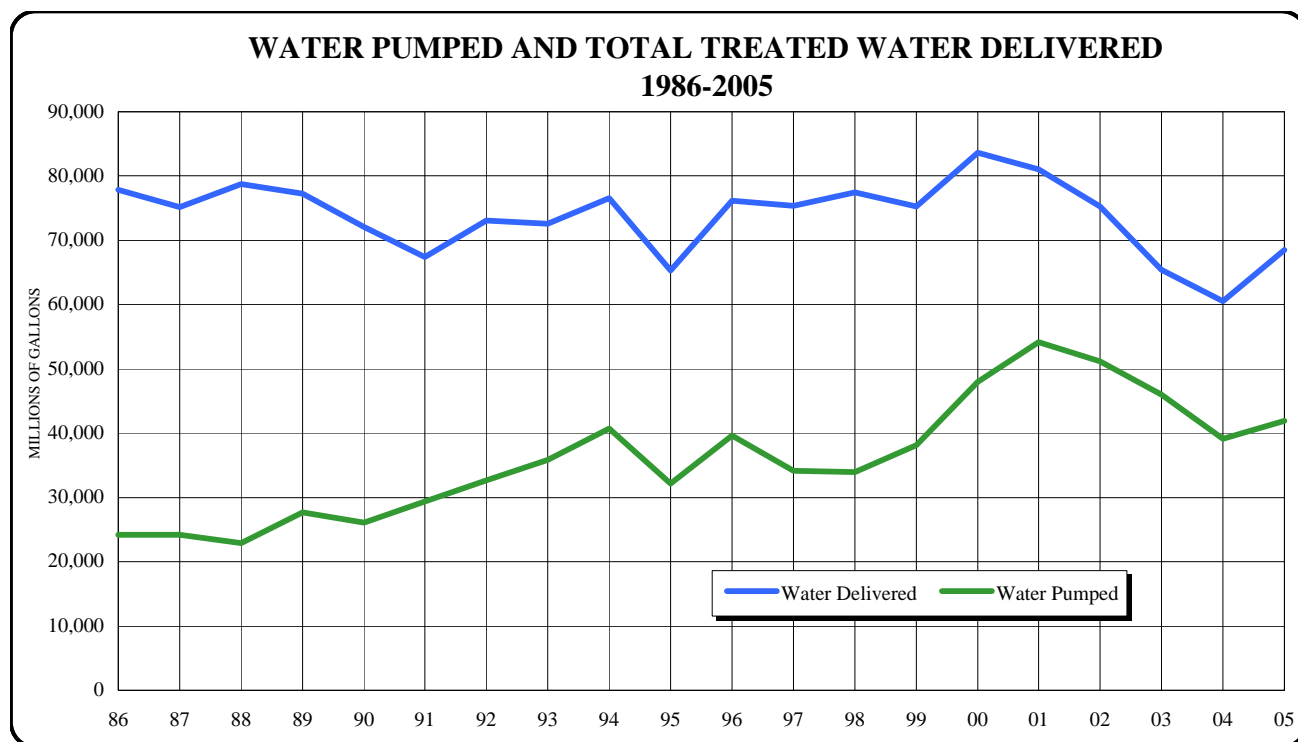
³Natural Gas Engine

WATER PUMPED AND POWER COSTS: 1986 - 2005

<u>Year</u>	<u>Water Pumped</u> <u>(million gals.)</u>	<u>Total Treated</u> <u>Water Delivered</u> <u>(million gals.)</u>	<u>Pumps</u>		<u>Total Pumping</u> <u>Power Used (kwh)</u>	<u>Gas Used</u> <u>(dth)</u>	<u>Total Power,</u> <u>Electric and</u> <u>Gas Costs¹</u>
			<u>Number</u>	<u>Capacity</u> <u>(million gals.)</u>			
1986	24,237.58	77,887.63	129	1,203.6	27,464,812	-	\$1,895,623
1987	24,158.20	75,162.49	127	1,201.8	28,220,134	-	\$1,818,839
1988	22,870.50	78,718.55	118	1,156.8	23,762,950	-	\$1,572,461
1989 ²	27,724.95	77,262.29	118	1,156.8	27,181,894	-	\$1,859,268
1990 ²	26,089.81	72,043.94	113	1,091.8	27,734,829	-	\$1,814,124
1991	29,349.37	67,435.91	113	1,091.8	27,167,261	-	\$1,778,200
1992	32,613.51	73,043.27	113	1,091.8	29,349,535	-	\$1,782,578
1993	35,826.13	72,562.61	113	1,091.8	31,537,298	-	\$1,800,790
1994	40,720.24	76,516.08	116	1,116.8	36,619,984	-	\$1,949,520
1995	32,115.03	65,267.91	116	1,116.8	30,722,542	-	\$1,783,567
1996	39,578.30	76,203.96	105	1,027.5	40,222,555	-	\$2,638,872
1997	34,179.67	75,363.33	105	1,027.5	31,876,334	23,055	\$1,997,924
1998	33,990.21	77,466.65	105	1,027.5	30,170,882	38,331	\$1,881,873
1999	38,149.92	75,232.01	106	1,052.5	33,378,202	18,927	\$1,915,984
2000	47,953.92	83,585.25	106	1,052.5	39,257,987	20,159	\$2,166,806
2001	54,161.28	81,051.42	106	1,052.5	42,691,836	15,096	\$2,774,857
2002	51,205.33	75,221.18	109	1,070.6	46,058,108	7,217	\$1,986,429
2003	46,030.79	65,399.47	110	1,077.1	33,489,508	1,858	\$2,322,558
2004	39,105.07	60,578.77	110	1,077.1	35,898,176	-	\$2,820,144
2005	41,890.71	68,473.70	110	1,096.3	38,384,576	-	\$3,686,475

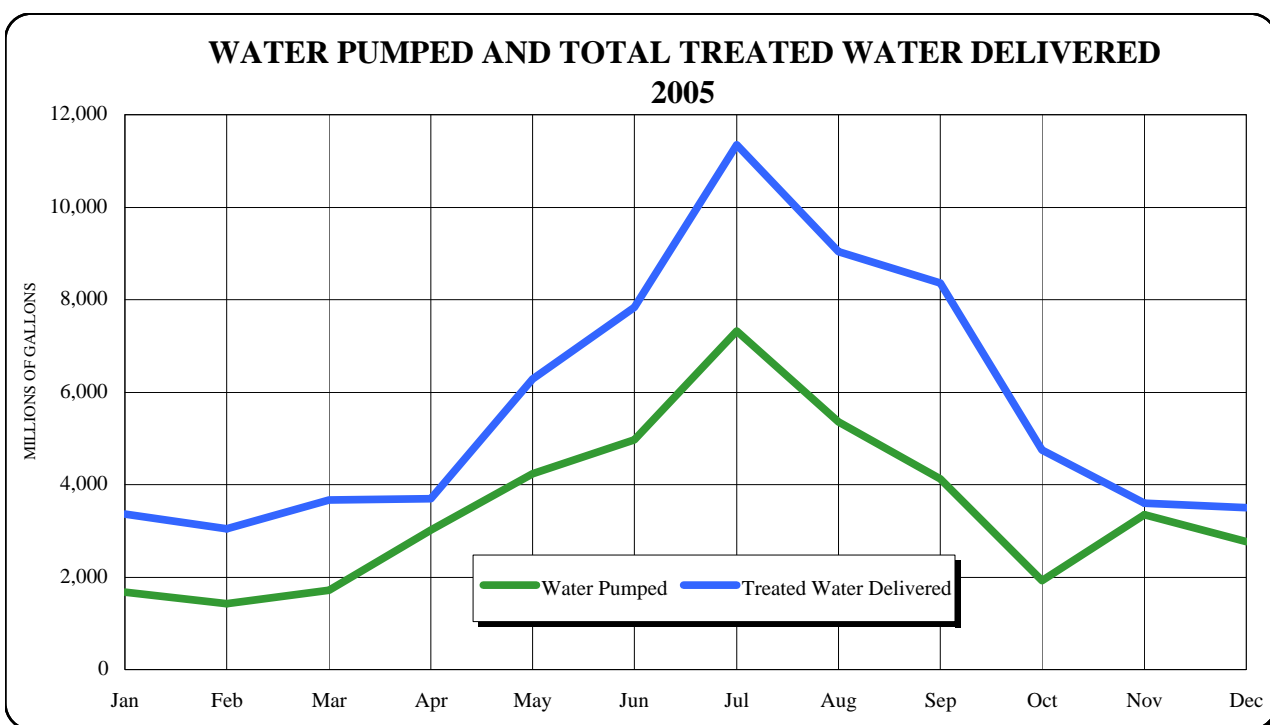
¹Total energy costs for all Denver metropolitan area Board water distribution facilities.

²Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.



WATER PUMPED MONTHLY - 2005
(millions of gallons)

	<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>		<u>Water Pumped</u>	<u>Total Treated Water Delivered</u>
January	1,678.73	3,365.20	August	5,351.96	9,035.20
February	1,422.99	3,049.70	September	4,127.11	8,357.00
March	1,713.40	3,665.40	October	1,920.10	4,742.80
April	3,021.59	3,692.90	November	3,355.44	3,600.30
May	4,235.30	6,279.60	December	2,771.70	3,499.70
June	4,971.65	7,830.60			
July	7,320.73	11,355.30	Total Year	<u>41,890.71</u>	<u>68,473.70</u>



WATER PUMPED BY STATION - 2005
(millions of gallons)

Bellevue (Low)	834.71	Hillcrest (High)	671.64
Bellevue (High)	2867.674	Kendrick (Low)	503.88
Broomfield	1,564.32	Kendrick (High)	2,725.22
Capital Hill	268.98	Lakeridge	1,050.19
Chatfield (Low)	1,701.21	Lamar	965.94
Chatfield (High)	710.8363	Lone Tree (Low)	366.44
Cherry Hills	692.43	Lone Tree (High)	827.01
Clarkson Street	573.86	Marston (Low)	4,036.83
Einfeldt	1,101.72	Marston (High)	2,295.61
Fifty-Sixth Avenue	4,444.43	Sixty-Fourth Ave. (High)	287.65
Green Mountain	1,560.44	Sixty-Fourth Ave. (Low)	0.05
Highlands (Low)	2,265.73		
Highlands (High)	7,484.95	Total	<u>41,890.71</u>
Hillcrest (Low)	2,088.99		

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 2005

High water U.S.G.S. elevation in parentheses

		Capacity (million gals.)			Capacity (million gals.)
Alameda & Beech (6,042) ¹			Hillcrest (5,624)		
	Number 1	1.0		Number 1	14.8
	Number 2	2.0		Number 2	14.8
		<u>3.0</u>			<u>29.6</u>
Ashland (5,430)			Hogback (6,007)		<u>3.95</u>
	East Basin	19.1			
	West Basin	21.9	KenCaryl Ranch (6,410) ¹		
		<u>41.0</u>		Number 3	2.0
Bellevue (5,743)		<u>10.0</u>		Number 4	2.0
					<u>4.0</u>
Broomfield (5,335)			Kendrick (5,627)		<u>15.0</u>
	Number 1	2.5			
	Number 2	2.5	Lone Tree (5,930)		<u>10.0</u>
		<u>5.0</u>			
Broomfield Tank (5,534) ¹			Marston Treatment (5,497)		
	Number 1	3.0		Number 3	6.8
	Number 2	3.0		Number 4	9.2
		<u>6.0</u>			<u>16.0</u>
Capitol Hill (5,395)			Moffat Treatment (5,620)		
	Number 1	23.4		Number 1	4.3
				Number 2	4.3
	Number 3	27.0		Number 3	5.0
		<u>50.4</u>		Number 4	4.4
					<u>18.0</u>
Chatfield Tank (5,740)			Sixty-Fourth Avenue (5,460)		<u>15.0</u>
	Number 1	5.0			
	Number 2	5.0	Southgate (6,123) ¹		
		<u>10.0</u>		Number 1	2.0
Colorow (6007)		<u>3.7</u>		Number 2	6.0
					<u>8.0</u>
Fifty-Sixth Avenue (5,223)		<u>15.0</u>	Utah Tank (6,042) ¹		<u>3.0</u>
Foothills (5,860)			Valley Tank (6,000) ¹		<u>2.0</u>
	Number 1	25.0			
	Number 2	25.0	Total Capacity		<u>368.65</u>
	Number 3	25.0			
		<u>75.0</u>			
Green Mountain (5,859)		<u>5.0</u>			
Highlands (5,722)					
	Number 1	3.3			
	Number 2	3.2			
	Number 3	13.5			
		<u>20.0</u>			

¹Not Owned by Denver Water.

RAW WATER PUMPING STATIONS

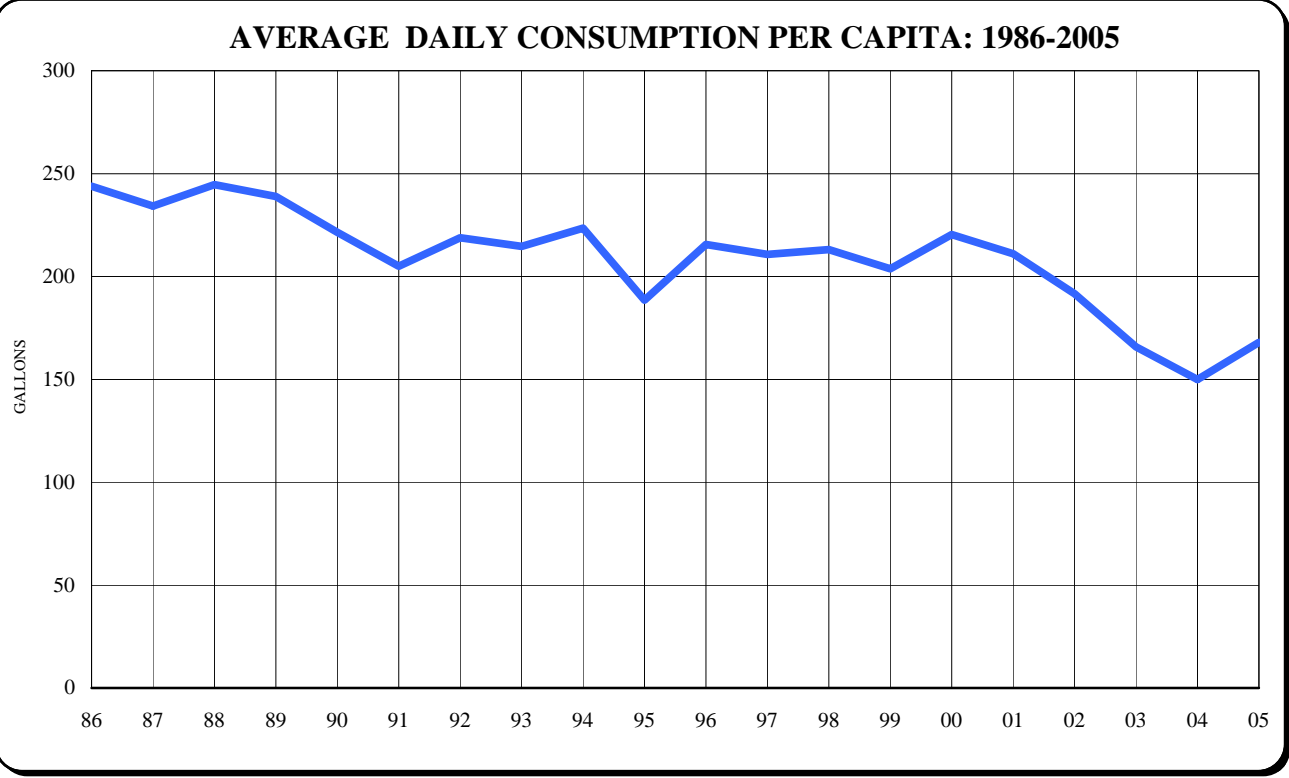
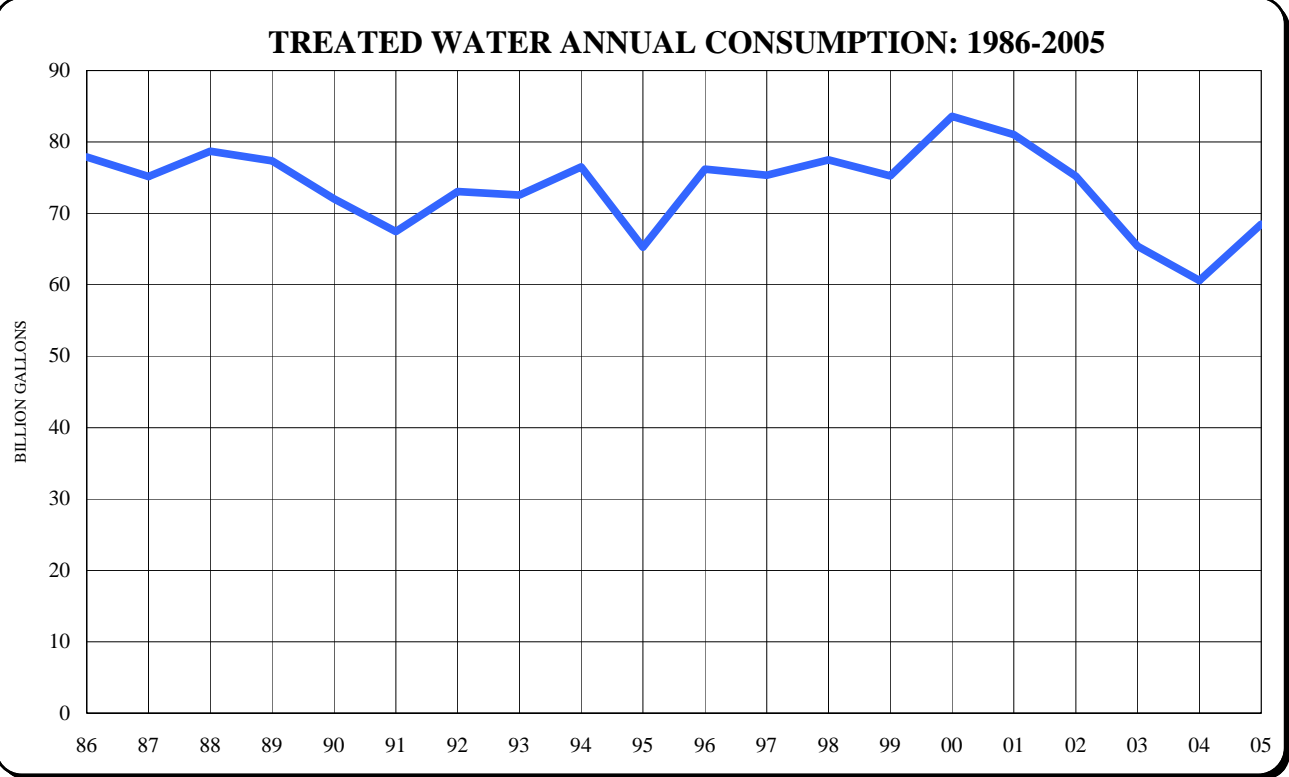
<u>Pump Station</u>	<u>Pump Number</u>	<u>Make of Pump</u>	<u>Make of Motor</u>	<u>Horse-Power</u>	<u>Head in Feet</u>	<u>Capacity in MGD</u>
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				<u>600</u>	<u>90</u>	<u>90.0</u>
			Total	<u>630</u>	<u>150</u>	<u>92.2</u>

Treatment and Water Quality

2005 Facts

Treated water consumption.....	68,473.70 MG
Increase from 2004.....	7,894.93 MG
Average daily consumption.....	187.60 MG
Maximum daily consumption: (August 17).....	424.80 MG
Maximum hour treated water use rate: (July 19, at 9:45 p.m.).....	725.27 MGD
Water Quality:	
Total samples collected.....	12,965
Microbiological analyses completed.....	10,294
Chemical analyses completed.....	34,245

CONSUMPTION OF TREATED WATER - 20 YEAR GRAPHS: 1986 - 2005



CONSUMPTION OF TREATED WATER: 1986 - 2005

Year	Acre-Feet	(million gallons)			Population July 1 ¹	Avg. Daily Gals. Per Capita	Precipitation in Inches ²	
		Annual	Daily Avg.	Daily Max.			Year	4/1 to 9/30
1986	239,039	77,891.17	213.40	505.80	875,000	244	14.85	8.92
1987	230,665	75,162.49	205.92	518.55	879,000	234	22.45	13.39
1988	241,578	78,718.55	215.08	477.65	879,000	245	15.28	11.48
1989	237,342	77,338.15	211.89	553.29	887,000	239	16.08	12.15
1990	221,095	72,043.94	197.38	507.12	891,000	222	16.64	9.95
1991	206,953	67,435.91	184.76	414.79	900,000 ³	205	19.69	14.50
1992	224,162	73,043.27	199.57	414.11	912,000	219	15.94	8.42
1993	222,686	72,562.61	198.80	438.20	926,000	215	15.81	9.62
1994	234,819	76,516.08	209.63	479.01	938,000	223	14.35	8.72
1995	200,300	65,267.91	178.82	453.55	949,000	188	19.61	16.40
1996	233,861	76,203.96	208.21	456.99	966,000	216	14.81	10.96
1997	231,282	75,363.33	206.47	517.57	980,000	211	20.38	14.46
1998	237,764	77,475.48	212.26	512.53	996,000	213	17.61	12.77
1999	230,879	75,232.01	206.12	475.66	1,012,000	204	20.03	17.04
2000	256,514	83,585.25	228.38	478.19	1,036,000	220	14.87	11.07
2001	248,748	81,054.72	222.07	488.71	1,052,000	211	16.45	12.43
2002	230,845	75,221.18	206.09	419.20	1,076,000	192	9.95	6.59
2003	200,704	65,399.47	179.18	370.05	1,081,000	166	17.00	8.77
2004	185,909	60,578.77	165.52	340.92	1,104,000	150	21.35	16.06
2005	210,138	68,473.70	187.60	424.80	1,115,000	168	16.32	10.90

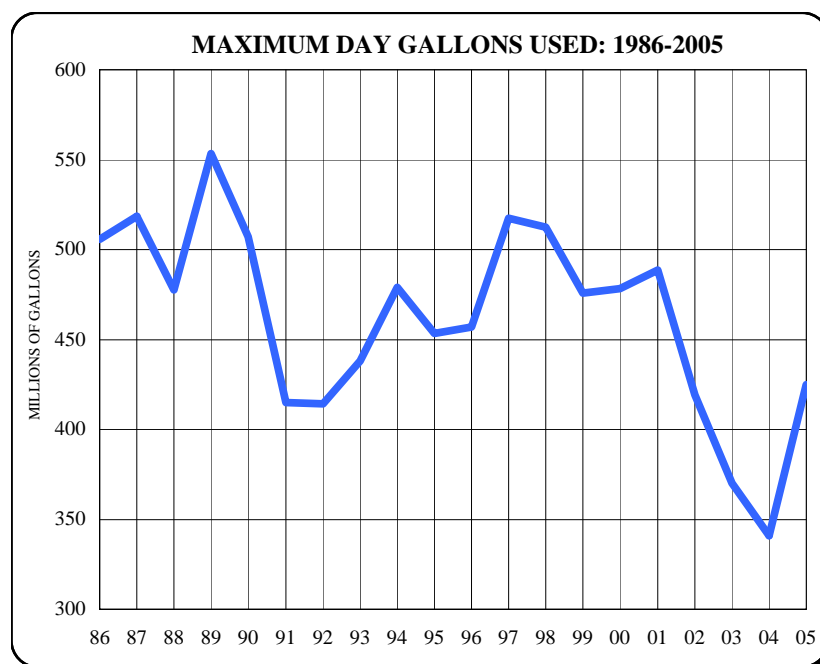
¹Population estimates are treated water customers only.

²Precipitation readings are the averages of Stapleton, Lakewood and Kassler measurement stations.

³Revised data from 1991 to 2000 are interpolated from analysis of the 2000 Census and adjusted for tap growth.

TREATMENT PLANT CAPACITY

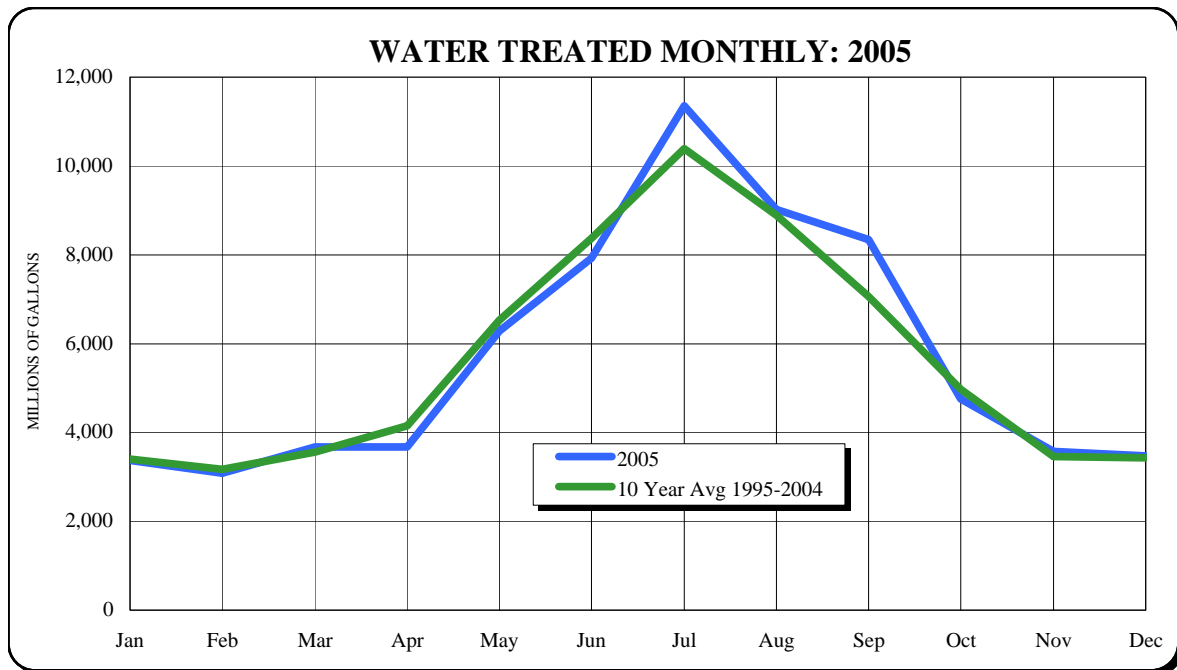
Plant	Type	Capacity in MGD
Foothills	Dual-Media	280.0
Marston	Dual-Media	250.0
Moffat	Rapid Sand	185.0
		<u>715.0</u>



WATER TREATED MONTHLY - 2005
(millions of gallons)

	<u>Foothills Filters</u>	<u>Marston Filters</u>	<u>Moffat Filters</u>	<u>Total</u>
January	2,317.60	-	1,053.30	3,370.90
February	2,159.80	-	926.60	3,086.40
March	2,389.80	62.40	1,218.00	3,670.20
April	1,999.70	1,012.10	664.40	3,676.20
May	4,394.60	1,052.50	840.20	6,287.30
June	4,418.00	1,180.70	2,321.10	7,919.80
July	5,568.30	2,490.00	3,286.70	11,345.00
August	5,041.90	2,065.10	1,906.60	9,013.60
September	5,279.10	879.90	2,179.90	8,338.90
October	3,487.90	93.40	1,168.10	4,749.40
November	1,280.50	357.30	1,933.40	3,571.20
December	2,202.20	584.70	685.00	3,471.90
Total	<u>40,539.40</u>	<u>9,778.10</u>	<u>18,183.30</u>	<u>68,500.80</u>

Note: Totals are based on multiple totalizer meter readings at various treatment plant sites. The accuracy of the readings varies within the limits inherent to each water meter.



RECONCILIATION OF WATER TREATED TO WATER DELIVERED/CONSUMED:

Total Water Treated for the Year	68,500.80 MG
(Increase) Decrease In Clear Water Storage	(27.10) MG
Total Treated Water Delivered/Consumed for the Year	<u>68,473.70 MG</u>

CHEMICAL TREATMENT AND ANALYSIS: TREATED WATER IN DISTRIBUTION SYSTEM - 2005

CHEMICAL TREATMENT

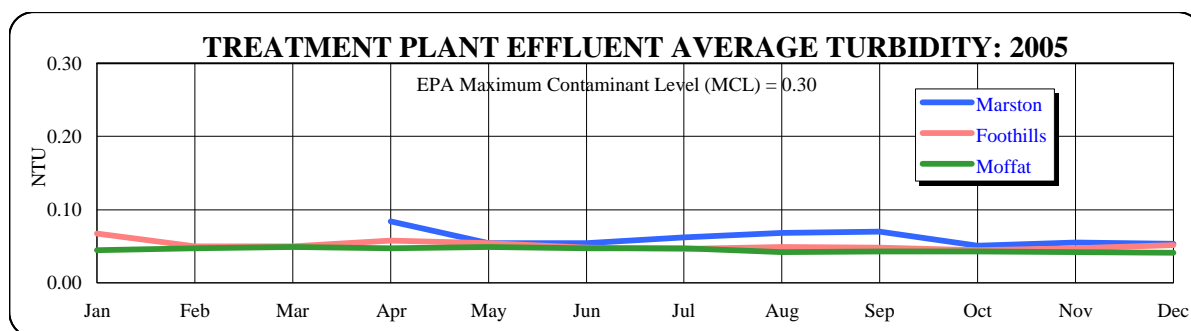
Chemicals are used at various points throughout the treatment plants to provide for appropriate water treatment including oxidation, coagulation, pH adjustment, fluoridation and disinfection. The following are total pounds and cost of chemicals used at each treatment plant.

	Pounds of Chemicals Used	Total Cost
Foothills	21,031,439	\$2,118,578
Moffat	11,313,734	1,087,973
Marston	5,653,783	621,618
Recycling	27,825	373,605
	<u>38,026,781</u>	<u>\$4,201,774</u>

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULT

Month	Number of Samples	Number of Positives	% Positive
January	460	0	0.00%
February	438	0	0.00%
March	514	0	0.00%
April	478	0	0.00%
May	504	0	0.00%
June	501	1	0.20%
July	358	2	0.56%
August	426	0	0.00%
September	401	1	0.25%
October	433	0	0.00%
November	406	0	0.00%
December	379	0	0.00%
	<u>5,298</u>	<u>4</u>	<u>0.08%</u>

The total coliform group of bacteria is a microbiological indicator used to determine the safety of drinking water for human consumption. The EPA and the Colorado Department of Public Health and Environment require that Denver Water test a minimum of 300 treated water samples each month for total coliforms. The Maximum Contaminant Level (MCL) for total coliform specifies that no more than 5% of the samples taken each month may be positive. All positive samples were further analyzed to determine if E. coli bacteria were present, which would indicate possible contamination from a fecal source. There were no E. coli positive samples in 2005.



Turbidity is a measure of the clarity of the water. EPA has established 0.30 NTU (Nephelometric Turbidity Unit) as the MCL for turbidity.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES – 2005

<u>Analysis</u>	<u>Maximum Contaminant Level (MCL)</u>	<u>Marston</u>	<u>Foothills</u>	<u>Moffat</u>
General (mg/L)				
Alkalinity, Total as CaCO ₃		56	52	23
Chlorine, Total		1.56	1.50	1.53
Hardness as CaCO ₃		101	89	34
pH (SU)		7.64	7.82	7.75
Specific Conductance (µS)		315	255	111
Temperature (°C)		12	9	12
Total Dissolved Solids		167	161	66
Turbidity (NTU)	0.30	0.06	0.05	0.04
Metals (µg/L)				
Aluminum, Available (mg/L)		0.04	0.04	<0.02
Aluminum		26	45	<20
Barium	2000	40	38	19
Boron		17	13	5
Calcium (mg/L)		32	28	12
Copper	TT ¹	<6	<6	<6
Magnesium (mg/L)		7.1	6.1	2.4
Manganese		4	3	<2
Molybdenum		20	20	<3
Potassium (mg/L)		2.4	2.1	0.8
Sodium (mg/L)		21.0	17.0	7.3
Strontium (mg/L)		0.20	0.14	0.06
Zinc		<6	<6	<6
Ions (mg/L)				
Chloride		21.0	17.6	4.6
Fluoride	4.0	0.90	0.90	0.86
Nitrate-Nitrogen	10	0.11	0.26	0.08
Silicon		2.1	3.8	3.3
Sulfate		58.7	49.7	18.6
Radiological (pCi/L)				
Gross Alpha, Total	15 pCi/L	3	<2	<2
Beta, Total	4 mRem ≈ 50 pCi/L	4	2	<2
Uranium (µg/L)	30	<0.3	<0.3	<0.3
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		0.25	0.20	0.15
<i>(Continued next page)</i>				

¹ TT indicates that the MCL involves treatment techniques.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2005 (Continued)

<u>Analysis</u>	<u>Maximum Contaminant Level (MCL)</u>	<u>Marston</u>	<u>Foothills</u>	<u>Moffat</u>
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		2.0	2.3	2.0
1,1-Dichloropropanone		1.2	1.1	0.7
Bromochloroacetic acid		3.3	2.8	1.0
Bromochloroacetonitrile		1.2	0.8	<0.2
Bromodichloromethane		8.0	8.4	2.0
Bromoform		<0.4	<0.4	<0.4
Chloral hydrate		1.2	2.2	0.9
Chloroform		9.9	22.0	12.2
Chloropicrin		<0.4	0.4	<0.4
Cyanogen chloride		2.5	2.8	3.4
Dibromoacetic acid		1.1	<0.5	<0.5
Dibromoacetonitrile		0.5	<0.4	<0.4
Dibromochloromethane		3.7	1.6	<0.2
Dichloroacetic acid		6.8	11.8	8.5
Dichloroacetonitrile		1.6	2.8	1.5
Haloacetic Acids (5)	60	12	24	15
Total Trihalomethanes	80	22	32	13
Trichloroacetic acid		4.4	11.8	6.5
Nonspecific Organics				
Total Organic Carbon (mg/L)		2.2	1.9	1.5
Total Organic Halogen (µg/L)		155	288	303

TREATED WATER QUALITY SUMMARY: TREATMENT PLANT EFFLUENT AVERAGES - 2005 (Continued)

The following analyses were performed and each of these constituents was either not detected or the average result was less than the limit of detection. The Maximum Contaminant Level is listed after the analysis in parentheses, if applicable. The unit of measure is also listed if different than that listed for the subsection.

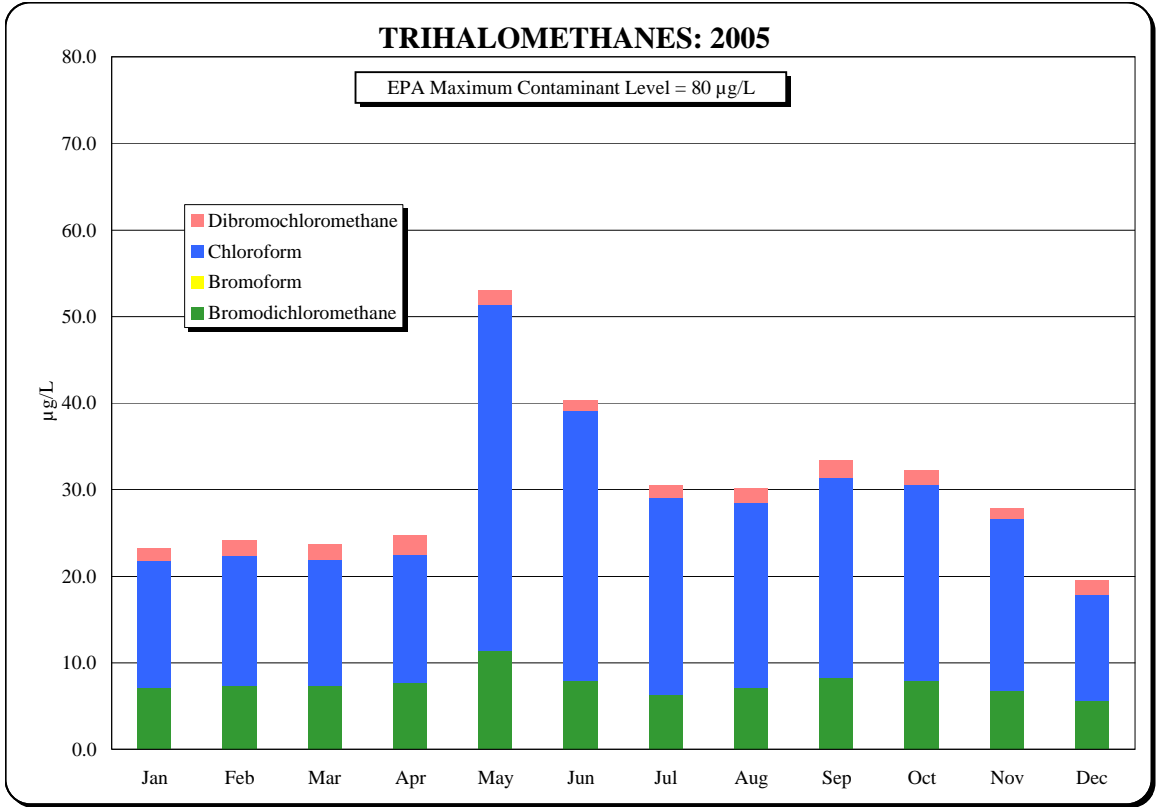
General	2,3-Dichlorobiphenyl	2,4,5-T	Heptachlor Epoxide (0.2)
Alkalinity, Phenolphthalein as CaCO ₃	2-Butanone	2,4-D (70)	Hexachloroethane
Chlorine, Free	2-Chlorobiphenyl	2,4-DB	Hexazinone
Metals (mg/L)	2-Chlorophenol	3,5-Dichlorobenzoic acid	Lindane
Antimony (0.006)	2-Hexanone	3-Hydroxycarbofuran	Malathion
Arsenic (0.05)	2-Methyl-4,6-dinitrophenol	4,4'-DDD	Methacrylonitrile
Beryllium (0.004)	2-Methylphenol	4,4'-DDE	Methylacrylate
Cadmium (0.005)	2-Nitrophenol	4,4'-DDT	Methylmethacrylate
Chromium (0.1)	2-Nitropropane	α-BHC	Methiocarb
Cobalt	2,4-Dichlorophenol	Acetochlor	Methomyl
Copper (TT ¹)	2,4-Dimethylphenol	Acifluorfen	Methoxychlor
Iron	2,4-Dinitrophenol	Alachlor (2)	Methyl paraoxon
Lead (TT ¹)	2,4,5-Trichlorobiphenyl	Aldicarb	Metolachlor
Lithium	2,4,6-Trichlorophenol	Aldicarb sulfoxide	Metribuzin
Mercury, Total (0.002)	4-Methyl-2-Pentanone	Aldicarb sulfone	Mevinphos
Nickel (0.1)	4-Chloro-3-methylphenol	Atraton	Mirex
Selenium (0.05)	4-Nitrophenol	Atrazine (3)	Molinate
Silver	Acetone	Bentazon	Napropamide
Thallium (0.002)	Acrylonitrile	β-BHC	n-Butyl acrylate
Titanium	Aldrin	Bromacil	n-Nitrosodiethylamine
Vanadium	Allyl chloride	Butachlor	n-Nitrosodi-n-butylamine
Zinc	Benzene (5)	Butylate	n-Nitrosodi-n-propylamine
Ions (mg/L)	Bromobenzene	Carbaryl	n-Nitrosomethylethylamine
Bromide	Bromochloromethane	Carbofuran	n-Nitrosopiperidine
Cyanide, Total (0.2)	Bromomethane	Chlordane	n- Nitrosopyrrolidine
Nitrite-Nitrogen (1)	Carbon disulfide	Chlorneb	Oxamyl (200)
Ortho Phosphorus, Dissolved	Chloroacetonitrile	Chlorobenzilate	Paraquat
Perchlorate	Chlorobenzene (100)	Chlorothalonil	Parathion
Radiological (pCi/L)	Chloroethane	Chlorpropham	Pebulate
Radium-226, 228	Chloromethane	Cis-Permethrin	Pentachloroethane
Microbiological	cis-1,2-Dichloroethene (70)	Cyanazine	Pentachloronitrobenzene
<i>Cryptosporidium</i>	cis-1,3-Dichloropropene	Cycloate	Permethrin isomers
<i>Giardia</i> (TT ¹)	Dibromomethane	Dacthal	Phenol
Plankton	Dichlorodifluoromethane	Dalapon (200)	Picloram (500)
Total Coliform (DS)	Dichloromethane (5)	DCPA acid metabolites	Prometon
Disinfection By-Products (µg/L)	Ethyl Benzene (700)	δ-BHC	Prometryn
Bromodichloroacetic Acid	Hexachlorobutadiene	Diazinon	Pronamide
Bromoform	Hexachlorocyclopentadiene	Dicamba	Propachlor
Carbon tetrachloride (5)	Isopropyl Benzene	Dichlorprop	Propazine
Chlorodibromoacetic acid	m-Dichlorobenzene	Dichlorvos	Propionitrile
Dibromoacetone	Methyl tert-butylether	Dieldrin	Propoxur
Monobromoacetic Acid	Naphthalene	Diethyl ether	Silvex (50)
Monochloroacetic Acid	n-Butyl Benzene	Dimethoate	Simazine (4)
n-Nitrosodimethylamine (NDMA)	Nitrobenzene	Diphenamid	Simetryn
Trichloroacetone	n-Propyl Benzene	Diquat	Stirofos
Organic Compounds (µg/L)	o-Chlorotoluene	Dursban	Terbacil
1,1,1,2-Tetrachloroethane	o-Dichlorobenzene (600)	Endothall (100)	Terbutiuron
1,1,1-Trichloroethane (200)	p-Chlorotoluene	Endosulfan –A	Terbutryn
1,1,2,2-Tetrachloroethane	p-Dichlorobenzene (78.5)	Endosulfan – B	Tetrahydrofuran
1,1,2-Trichloroethane (5)	p-Isopropyl Toluene	Endosulfan sulfate	trans-Permethrin
1,1-Dichloroethene (7)	sec-Butyl Benzene	Endrin (2)	Triademefon
1,1-Dichloropropene	Styrene (100)	Endrin Aldehyde	Tricyclazole
1-Chlorobutane	tert-Butyl Benzene	Epichlorohydrin	Trifluralin
1,2,3-Trichlorobenzene	Tetrachloroethene (5)	EPTC	Vernolate
1,2,3-Trichloropropane	Toluene (1000)	Ethoprop	Vinyl acetate
1,2,3-Trimethylbenzene	Toxaphene	Ethyl acrylate	2,4-Dinitrotoluene
1,2,4-Trichlorobenzene (70)	trans-1,2-Dichloroethene (100)	Ethyl methacrylate	2,6-Dinitrotoluene
1,2,4-Trimethylbenzene	trans-1,3-Dichloropropene	Ethyl tert-butyl ether	Acenaphthylene
1,2,4,5-Tetrachlorobenzene	Trichloroethene	Ethylene dibromide	Ametryn
1,2-Dichloroethane (5)	Trichloroethylene (5)	Etridiazole	Anthracene
1,2-Dichloropropane (5)	Trichlorofluoromethane	Fenarimol	Benzo(a)anthracene
1,3,5-Trimethylbenzene	Vinyl Chloride (2)	Fluridone	Benzo(a)pyrene (0.2)
1,3-Dichloropropane	Xylenes (10000)	Glyphosate (700)	Benzo(b)fluoranthene
2,2-Dichloropropane	1,2-Dibromo-3-chloropropane (0.2)	Heptachlor (0.4)	Benzo(g,h,i)perylene

¹ TT indicates that the MCL involves treatment techniques.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2005 (Continued)

Benzo(k)fluoranthene	Dibenzo(a,h)anthracene	Fluorene	Phenanthrene
Bis(2-ethylhexyl)adipate (400)	Diethyl phthalate	Hexachlorobenzene (1)	Polychlorinated Biphenyls (0.5)
Bis(2-ethylhexyl)phthalate	Dimethyl phthalate	Indeno(1,2,3-cd)pyrene	Pyrene
Butyl benzyl phthalate	Di-n-butyl phthalate	Isophorone	
Caffiene	Di-n-octyl phthalate	Pentachlorobenzene	
Chrysene	Fluoranthene	Pentachlorophenol (1)	

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2005



Trihalomethanes (THMs) are organic compounds formed when chlorine disinfectant is added to the water. The use of chlorine and other chlorine-based disinfectant compounds is mandated by health regulatory agencies to eliminate microbiological contaminants from drinking water. The creation of THMs is a consequence of this necessary practice. THMs are comprised of four individual compounds. EPA has established 80 mg/L as the MCL for Total Trihalomethanes (the sum of the four individual compounds). The amounts present in the Denver distribution system are consistently below the 80 mg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 2005

Samples Collected:

Watershed	448
Treatment plant	1,584
Distribution system	7,075
Other	3,858
	<u>12,965</u>

Analyses Performed:

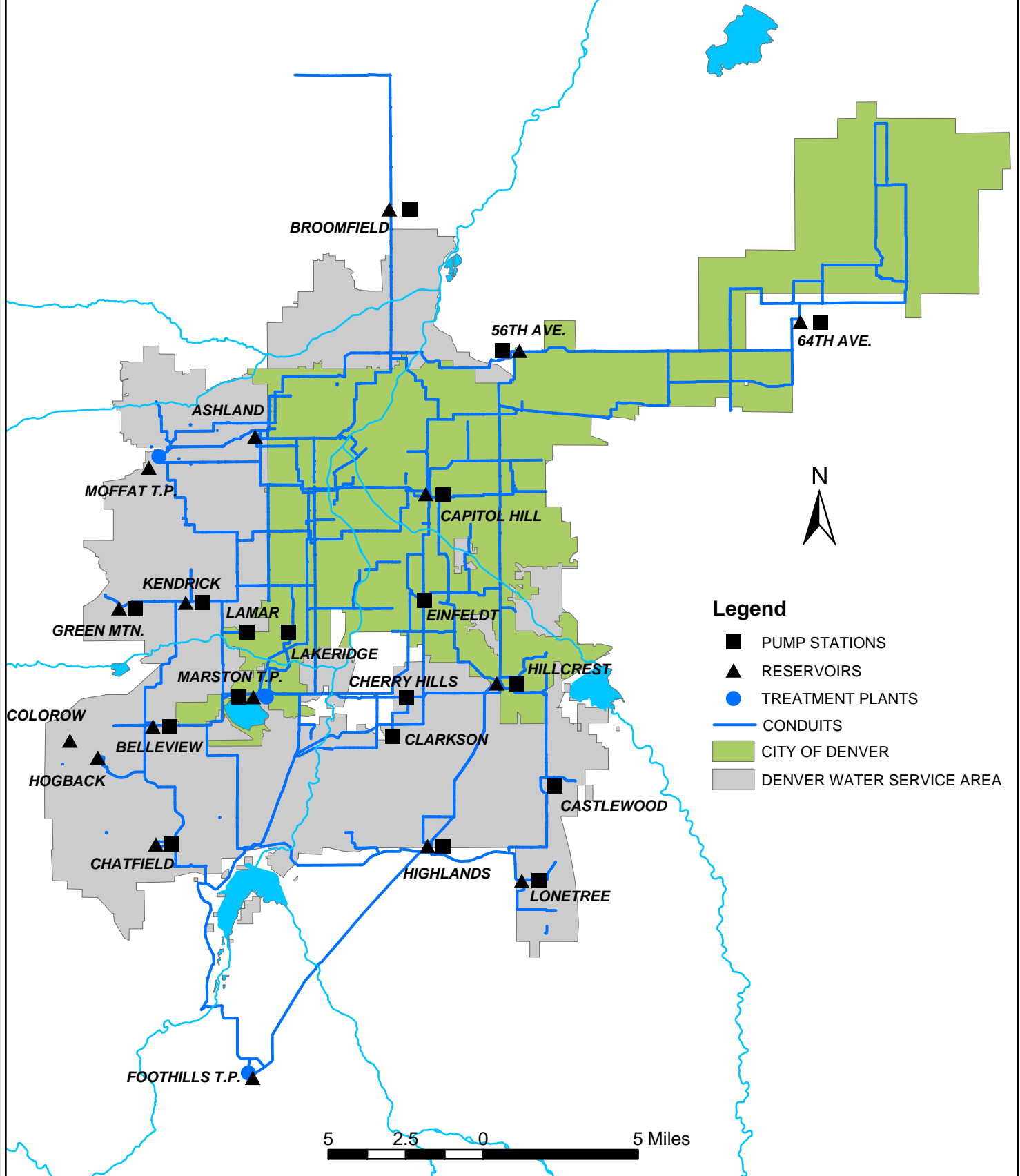
Microbiological	10,294
Chemical	34,245
	<u>44,539</u>

Transmission and Distribution

2005 Facts

Miles of pipe installed	26.7
Miles of pipe in system	2,631
Miles of nonpotable pipe in system	31.3
Number of valves operated and maintained	43,389
Number of nonpotable valves in system	230
Number of hydrants operated and maintained	15,459
Leak Detection Program:	
Miles of pipe surveyed	752
Visible leaks pinpointed	54
Non-visible leaks detected	34

DENVER WATER MAJOR TRANSMISSION FACILITIES



TRANSMISSION AND DISTRIBUTION MAINS - 2005

SUMMARY OF PIPE BY MATERIAL¹

Kind of Pipe	Length in Feet			Length in Miles	
	12-31-04	Additions	Reductions	12-31-05	12-31-05
Cast iron	6,017,955	-	15,136	6,002,819	1,137
Cement Asbestos	1,387,264	-	24	1,387,240	263
Cement Mortar coated steel	27,992	-	-	27,992	5
Concrete	858,506	-	-	858,506	163
Copper	1,141	-	-	1,141	-
Ductile iron	2,421,016	40,948	1,431	2,460,533	466
Galvanized	7,755	-	-	7,755	1
Polyvinyl chloride	1,568,127	100,059	41	1,668,145	316
Steel	1,022,228	-	-	1,022,228	194
Steel -tape coated	408,094	-	-	408,094	77
Unknown ²	49,516	-	-	49,516	9
	<u>13,769,594</u>	<u>141,007</u>	<u>16,632</u>	<u>13,893,969</u>	<u>2,631</u>

SUMMARY OF PIPE BY DIAMETER¹

Diameter of Pipe in Inches	Length in Feet			Length in Miles	
	12-31-04	Additions	Reductions	12-31-05	12-31-05
0.75	413	-	-	413	-
1	778	-	-	778	-
1.5	2,019	-	-	2,019	-
2	3,128	-	-	3,128	1
3	8,495	3	-	8,498	2
4	136,512	588	-	137,100	26
5	11	-	-	11	-
6	4,219,304	18,076	7,704	4,229,676	801
8	3,473,529	69,434	2,169	3,540,794	671
10	135,602	11	3,146	132,467	25
12	2,690,429	26,688	3,613	2,713,504	514
14	44,293	-	-	44,293	8
15	4,499	-	-	4,499	1
16	426,573	26,207	-	452,780	86
18	49,854	-	-	49,854	9
20	118,805	-	-	118,805	23
24	448,140	-	-	448,140	85
30	436,075	-	-	436,075	83
31	29	-	-	29	-
33	185	-	-	185	-
36	499,876	-	-	499,876	95
40	57	-	-	57	-
42	233,242	-	-	233,242	44
45	4,638	-	-	4,638	1
46	23,272	-	-	23,272	4
48	133,515	-	-	133,515	25
51	6,514	-	-	6,514	1
54	172,084	-	-	172,084	33
57	12,858	-	-	12,858	2
60	175,812	-	-	175,812	33
63	16,779	-	-	16,779	3
66	77,647	-	-	77,647	15
67	692	-	-	692	-
72	111,987	-	-	111,987	21
84	16,656	-	-	16,656	3
90	32,635	-	-	32,635	6
96	50	-	-	50	-
108	48,687	-	-	48,687	9
120	3,102	-	-	3,102	1
144	818	-	-	818	-
	<u>13,769,594</u>	<u>141,007</u>	<u>16,632</u>	<u>13,893,969</u>	<u>2,631</u>

¹Mains within the City and Total Service Contract Areas.

²Unknown pipe material is assumed to be cast iron.

VALVES - 2005

SUMMARY OF VALVES BY TYPE¹

Type of Valve	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
Air vacuum valve	1,310	-	-	1,310
Ball valve	7	-	-	7
Blowoff valve	2,607	-	-	2,607
Butterfly valve	943	-	-	943
Check valve	20	1	-	21
Cone valve	19	-	-	19
Gate valve	36,928	664	35	37,557
Hub valve	5	-	-	5
MacDougall blowoff valve	138	-	-	138
Pito (Corp stop)	590	-	-	590
Pressure regulating valve	159	3	-	162
Unknown	25	-	-	25
Vacuum valve	5	-	-	5
	<u>42,756</u>	<u>668</u>	<u>35</u>	<u>43,389</u>

SUMMARY OF VALVES BY DIAMETER¹

Diameter of Valve in Inches	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
1	914	-	-	914
2	2,093	-	-	2,093
2.5	1	-	-	1
3	73	-	-	73
4	1,184	10	-	1,194
6	14,428	254	20	14,662
8	12,412	374	-	12,786
10	455	-	-	455
12	9,611	30	15	9,626
14	65	-	-	65
15	2	-	-	2
16	278	-	-	278
18	45	-	-	45
20	189	-	-	189
24	501	-	-	501
30	188	-	-	188
36	148	-	-	148
42	67	-	-	67
48	54	-	-	54
54	20	-	-	20
60	24	-	-	24
72	4	-	-	4
	<u>42,756</u>	<u>668</u>	<u>35</u>	<u>43,389</u>

¹Valves within the City and Total Service Contract Areas.

FIRE HYDRANTS - 2005

FIRE HYDRANTS¹

<u>Size in Inches</u>	Total Hydrants			
	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
4	17	-	-	17
6	14,939	523	20	15,442
	<u>14,956</u>	<u>523</u>	<u>20</u>	<u>15,459</u>

FIRE HYDRANT BRANCH PIPE¹

<u>Size in Inches</u>	<u>Kind of Pipe</u>	Length in Feet			
		<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
4	Cast iron	304	-	-	304
4	Ductile iron	34	-	-	34
6	Cast iron	159,218	-	260	158,958
6	Cement asbestos	2,591	-	-	2,591
6	Ductile iron	144,638	10,102	198	154,542
6	Polyvinylchloride	943	-	-	943
6	Steel	19,088	-	-	19,088
6	Unknown	25,963	-	-	25,963
		<u>352,779</u>	<u>10,102</u>	<u>458</u>	<u>362,423</u>

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL¹

<u>Kind of Pipe</u>	Length in Feet			
	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
Cast iron	159,522	-	260	159,262
Cement asbestos	2,591	-	-	2,591
Ductile iron	144,672	10,102	198	154,576
Polyvinylchloride	943	-	-	943
Steel	19,088	-	-	19,088
Unknown	25,963	-	-	25,963
	<u>352,779</u>	<u>10,102</u>	<u>458</u>	<u>362,423</u>

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER¹

<u>Size in Inches</u>	Length in Feet			
	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
4	338	-	-	338
6	352,441	10,102	458	362,085
	<u>352,779</u>	<u>10,102</u>	<u>458</u>	<u>362,423</u>

¹Fire hydrants and branch pipe within the City and Total Service Contract Areas.

NONPOTABLE MAINS AND VALVES - 2005

NONPOTABLE MAINS

SUMMARY OF PIPE BY MATERIAL

<u>Kind of Pipe</u>	<u>Length in Feet</u>			<u>12-31-05</u>
	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	
PVC	90,382	-	-	90,382
Steel	75,098	-	-	75,098
	<u>165,480</u>	<u>-</u>	<u>-</u>	<u>165,480</u>

SUMMARY OF PIPE BY DIAMETER

<u>Size</u>	<u>Kind of Pipe</u>	<u>Length in Feet</u>			<u>12-31-05</u>
		<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	
4"	PVC	3,327	-	-	3,327
6"	PVC	3,257	-	-	3,257
8"	PVC	15,340	-	-	15,340
8"	Steel	61	-	-	61
10"	Steel	22	-	-	22
12"	Steel	10,307	-	-	10,307
12"	PVC	21,572	-	-	21,572
16"	PVC	19,928	-	-	19,928
20"	PVC	26,958	-	-	26,958
24"	Steel	12,193	-	-	12,193
30"	Steel	3,634	-	-	3,634
36"	Steel	3,526	-	-	3,526
42"	Steel	45,355	-	-	45,355
		<u>165,480</u>	<u>-</u>	<u>-</u>	<u>165,480</u>

NONPOTABLE VALVES

SUMMARY OF VALVES BY TYPE

<u>Type of Valve</u>	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
Air vacuum valves	36	-	-	36
Blowoff valve	21	-	-	21
Butterfly valve	9	-	-	9
Gate valve	160	-	-	160
Pito (Corp stop)	4	-	-	4
	<u>230</u>	<u>-</u>	<u>-</u>	<u>230</u>

SUMMARY OF VALVES BY DIAMETER

<u>Diameter of Valve</u>	<u>12-31-04</u>	<u>Additions</u>	<u>Reductions</u>	<u>12-31-05</u>
2"	4	-	-	4
4"	50	-	-	50
6"	38	-	-	38
8"	32	-	-	32
10"	2	-	-	2
12"	68	-	-	68
16"	1	-	-	1
20"	26	-	-	26
24"	2	-	-	2
30"	3	-	-	3
42"	4	-	-	4
	<u>230</u>	<u>-</u>	<u>-</u>	<u>230</u>

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2005

DENVER MAIN BREAKS

<u>Size</u>	<u>Pipe Material</u>	<u>Number of Breaks</u>
4"	Cast Iron	2
6"	Cement Asbestos	3
6"	Ductile Iron	3
6"	PVC	1
6"	Cast Iron	137
8"	Cement Asbestos	3
8"	Ductile Iron	2
8"	PVC	1
8"	Cast Iron	46
10"	Cast Iron	4
12"	Cast Iron	30
12"	Ductile Iron	5
12"	Cement Asbestos	2
12"	PVC	1
16"	Cast Iron	1
20"	PVC	1
Total		<u><u>242</u></u>

TOTAL SERVICE MAIN BREAKS

<u>Size</u>	<u>Pipe Material</u>	<u>Number of Breaks</u>
4"	Cast Iron	2
6"	Cast Iron	34
6"	Ductile Iron	5
6"	Cement Asbestos	1
8"	Cast Iron	4
8"	Ductile Iron	5
8"	Cement Asbestos	3
12"	Cast Iron	1
12"	Cement Asbestos	2
		<u><u>57</u></u>

WATER CONTROL SERVICES

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Service Calls	7,855	5,627	2,537	2,793	2,916
Service Leaks	1,452	1,204	1,117	1,034	794
Service Turn Ons	702	1,945	3,319	3,570	2,507
Service Turn Offs	804	1,240	1,205	893	828
Valve Leaks	123	75	74	100	78
Fire Hydrants Hit	131	125	138	133	146
Fire Hydrants Packed and Greased	31,091	30,645	31,014	24,778	28,362
Fire Hydrants Excavated for Replacement	185	168	148	174	238
Fire Hydrants, Miscellaneous Repairs	1,067	1,107	1,107	962	858
Total Fire Hydrants Tested and Repaired	<u><u>32,474</u></u>	<u><u>32,045</u></u>	<u><u>32,407</u></u>	<u><u>26,047</u></u>	<u><u>29,604</u></u>

LEAK DETECTION PROGRAM

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Non-Visible Leaks Detected	34	62	50	94	111
Non-Visible Water Leaks Loss (1000's of Gallons) ¹	8,935	10,774	13,140	106,038	145,854
Visible Leaks Pinpointed	54	62	90	325	120
Miles Surveyed	752	760	507	443	554
Savings Generated from saving lost water ¹	\$16,440				
Savings Generated from pinpointing Leaks ¹	\$37,800	\$43,400	\$63,000	\$195,000	\$72,000
Total Savings Generated from Leak Detection Program ¹	\$54,240				

¹Estimated.